Mr Michael Foot the Labour

leader repeatedly pressed Mrs

Thatcher yesterday during Prime Minister's questions to

say whether the Government

was prepared to keep open the

possibilities of negotiations in

order to save lives. He referred to the comments of Mr Francis

Pym the Foreign Secretary last

Thursday about the Govern-

Falklands Crisis, Page 4

UN ceasefire call faces British

veto, Page 12

Opposition rifts deepen, Page 12

The better part of valour, Page 23 Editorial Comment, Page 24

Lombard and Letters, Page 25

conflict would end and discus-

Continued on Back Page

Citibank

By Christopher Parkes

to their best customers.

short-term interest rates.

had done so.

with us soon."

hiccoughs" in July.

Continued on Back Page

Money Markets, Page 40

Bankers said the move, which

cuts prime

rate to 16%

sions begin only

Argentina withdrew.

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NEWS SUMMARY

GENERAL

Jobless trend continues upwards

Unemployment continued its • EQUITIES actively centred upward trend this month, ithough the headline total, including school leavers, fell back below 3m.

Department Page 39 Employment figures give little reassurance that the underlying rate of increase in unemployment has moderated in the past few months. However, it is much less than it was at the peak near the end of 1980.

The fall of 38,000 in the unadjusted total to 2.97m jobless was less than the usual seasonal decrease at this time of year. The seasonally adjusted figures rose by 22,000 to 2.87m. Back Page

Syria jets downed Israel's aircraft shot down two Syrian MiG fighters over Beirut after the Syrians intercepted them on a reconnaissance over the Lebanon. Page 6

Gulf states wait

Gulf states are waiting to see what moves Iran makes next after its military successes against Irag, which has admitted evacuating the port of Khorram-shahr. Page 6

Afghan offensive

Soviet and Afghan government troops began an offensive against a rebel stronghold in the Panjshir Valley, north of

Ripper ruling

The Appeal Court refused Yorkshire Ripper Peter Sut-cliffe's appeal against his

Nupe suspension

Leaders of the National Union lic Employees suspended its last year's president from holding union office for two years after allegations that his conduct brought it into disreporte Page 15

Ratepayers in Scotland's Lothian • UNITED AIRLINES, the region are to get a 14 per cent fares, school meals and meals on wheels will cost more.

School fire deaths International Aeradio, its profit-At least 10 died and 12 were able subsidiary, to reduce its missing after a fire that may have been started deliberately swept through a handicapped children's school in Air-sur-L'Adour, France.

Air escape for 100 More than 100 survived when a Brazilian Boeing 737 broke in haif on landing at Brasilia airport in heavy rain. Two were killed and 20 injured.

Magazines seized West German police removed

thousands of copies of a left-wing newspaper from newsstands because of an article escribing President Carstens as a fascist

Space supplies An unmanned Soviet space

ship docked with orbiting station Salvat-7 to deliver fuel, scientific equipment and mail

for the two cosmonauts. Early breakfast The Independent Broadcasting

Authority decided to bring forward by two or three months the starting date of ITV's breakfast-time service TV-AM, previously set at next May.

Briefly . . .

Grandmother, 75, from Colombia was jailed for three years in Los Angeles for smuggling cocaine

BUSINESS

Equities up 5: dollar rises

on defence stocks. The FT 30share index rose 5 points to 580.8, a two-day recovery of 20.2, after last week's fall of 30.

GILTS: the Government Securities Index was 0.01 up at 68.8. Page 39

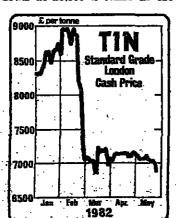
• WALL STREET was 2.66 up at 839.04 near the close. Page 38

• STERLING fen 5 points on the day to close in London at It rose to DM 4.1775 (DM 4.155), FFr 10.815 (FFr 10.765), SwFr 3.5425 (SwFr 3.5325) and Y433.5 (Y430.5). Its trade-weighted index was 89.8 (89.6). Page 40

DOLLAR improved to close in London at DM 2.3135 (DM 2.298), FFr 5.9925 (FFr 5.96), SwFr 1.9625 (SwFr 1.955) and Y240.1 (Y238.2). Its tradeweighted index (112.9). Page 40

O GOLD fell \$0.25 in London to \$328.25. In New York the Comex May close was \$329.2 (\$328.1). Page 33

• TIN CASH PRICE closed £95 down at £6,865 a tonne in the



London metal market, its lowest since March, Page 33

● MIDLAND BANK is to introduce an interest-bearing current

largest U.S. domestic carrier, rebate from their Conservative. has asked Boeing to cancel or controlled council - but bus substantially delay delivery of 20 new-generation Boeing 767 aircraft worth about \$800m.

> BRITISH AIRWAYS is to sell debt before privatisation. Back

BRITISH which recently announced 1.250 Midlands redundancies, is to cut its southern labour force by 950 by the end of the year. Page 10

METRO-CAMMELL, the Birmingham-based railway cars supplier, has told union leaders

that 400 jobs must go. Page 10 ● BNOC has drilled a successful North Sea oil well, improving chances for a £350m development. Page 10. Oil industry

delegation to ask Chancellor for tax changes, Page 10 RECOVERY from the reces sion is much slower than in any economic cycle in the past 25 years says the National Institute of Economic and Social

Research. Back Page

● GOVERNMENT AID scheme for small engineering com-parsies will reject applications from Friday evening because of oversubscription, despite an increase in total funds from £20m to £30m. Back Page

• RENAULT reported net losses of FFr 675m (\$112.5m) for last year, compared with profits of FFr 638m in 1980.

RANKS HOVIS McDougail reported lower pre-tax profits of £21.04m (£21.66m) for the six months to March 6. Page 26; Back Page and Lex

Two peregrine falcons and two PHOENII ASSURANCE regoshawks worth £2,000 were ported taxable profits of £100,000 stolen from a Stoke-on-Trent (£6m) for the first quarter,

CHIEF PRICE CHANGES YESTERDAY

(XIICES IN Dence libress office Area	C TRETCHEN)
RISES:	Noble & Lund 19 + 81
Adams & Gibbon 101 + 6	Phoenix Assurance 238 + 10
Amersham 221 + 5	Redland 170 + 4
Bowthorpe 272 + 6	Reed Int
British Aerospace 223 + 7	Sumrie 49 + 4
Cable & Wireless 280 + 7	Tate & Lyle 194 + 4
Cater Allen 332 + 17,	United Scientific 385 + 10
	Walterhempton &
Common Brothers. 195 + 7 Copydex 48 + 4 Eagle Star 366 + 9	Dudley 217 4 0
Copydex 48 T *	Dianey at 1 P
Eagle Star 366 + 9	Candecca 220 + 8
000 ± 7	Carloss Canol 175 + S
GEC	Jackson Expln: 114 + 10
00 ± 4	Marinex 110 + 12
Gomme	Shall Transport 499 4 6
Grand Met 209 T	Shell Italisport 402 7 0
Huntleigh 142 + 6	FALLS:
Huntleigh 142 + 6 Minet 193 + 11	AE45 - 4
Muirhead 156 + 10	Sothebys
MUNITION	

UK is ready to use UN veto over Falklands ceasefire calls

CONTINENTAL' SELLING PRICES: AUSTRIA Sch. 15; BELGIUM F. 35; DENMARK K. 6.50; FRANCE F. 5.00; GERMANY, DM 2.0; ITALY L 1,000; NETHERLANDS FI 2.25; NORWAY, K. 6.00; POBTUGAL Eso 50; SPAIN Pts 85; SWEDEN K. 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

BY PETER REDDELL, POLITICAL EDITOR

THE British Government is time Foreign Minister, urged then the future will have to be landing and hope for a quick cil, to block any proposal for a a resumption of negotiations. ceasefire in the Falklands conflict which does not involve a ments underline the Governfull withdrawal of Argentine ment's view that a new phase

islands until the Argentines wishes, and references to "disbad left. "To call for a ceasefire Argentinian

remain in occupation, would

prepared to use its veto at the UN Security Council to call discussed with the islanders. I outcome, they will press for the United Nations Security Council to the hostilities and should be amazed if they were reopening of negotiations if

in the dispute has started Mrs Thatcher made this clear since the landings on the in the Commons yesterday islands last Friday, with a when she also ruled out any renewed emphasis on the on, the talks about the future of the importance of the islanders' cussions" not "negotiation."

Mrs Thatcher also hinted troops that the Government was con-would sidering investment in the eave the whole paraphernalia islands. She said that after of tyranny in place," she said. restoring British administration the fighting in the Falklands. She was speaking as Sr "there will be a good deal of It is, however, clear while Nicanor Costa Mendez, Argen-reconstruction to be done and opposition leaders support the

not now more hostile to Argen-tina than they were before."

Senior Ministers have been considering whether an attractive option might be to grant islands independence backed by an international guarantee as a longer-term solution, which would answer any charges of colonialism and weaken Argentina's long-term position internationally.

There is something of an expectant lull at Westminster as MPs await the outcome of

Task force alert for big attack

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

on the alert yesterday for a big had been shot down. counter-attack which Argentine forces had been expected to Island-bridgehead to mark their country's National Day.

The day opened quietly, with the Ministry of Defence in London reporting a lull. But, early yesterday evening, the Ministry announced that Royal Navy ships in the Falkland Sound, between the two main islands and providing access to the British bridgehead at Port San Carlos on East Falkland, had again been attacked by

Argentine aircraft. fighter - bombers, believed to be Skyhawks, had been brought down with no damage to British ships, the Ministry said. "One Skyhawk ejected and was

nounced that Harirer jump-jets had attacked the airfield and miltary installations at Port aircraft had returned safely, but

The expectation of new military activity was heightened make against Britain's Falkland yesterday when State Department officials in Washington reported "great military

> FALKLANDS WEATHER: Wind W Force 7-8 (30-35 knots); 12-15ft seas. Cloudy, rain developing, reduced visibility. Temp. mid-40s F. OUTLOOK: Wind W Force 6-7 (25-30 knots). Cloudy with showers, Cooler,

activity" in the Falklands area -a report which went unconfirmed in London, However, it was suggested

yesterday in Whitehall that Mr John Nott, the Defence Secretary, might make a major announcement in the Commons At the same time, it anwhere he was due to answer defnece questions. In the event, categorically denied Argentine claims that the liner Canberra, which is now troop transport, had been damaged. Mr Nott also said that two Telam, the Argentine news British support ships—believed "generally at agency, said that two of the six to be the 5,600-ton Royal Flee' availability."

THE British task-force was put Harirers involved in the attack Auxiliary logistic landing ships —had been damaged, apperently in Monday's attack on the British bridgehead.

Three warships have now been sunk and four damaged, in addition to the Auxiliary firmed yesterday.

Earlier yesterday, Whitehall had insisted that, since the counter-attack on Monday, in which Argentina is said to have lost seven aircraft, there had been no significant military activity in the Falklands Whitehall would not say how

far British troops had gone as they pushed out from the San Carlos bridgehead, but the sources noted that the force had to unload "a phenomenal amount of kit" in its effort to equip its soldiers to fight ashore for as long as it takes' to repossess the islands.

Britain's ships and aircraft with the task force remained committed to Nato during their deployment in the South Atlantic, Mr Peter Blaker, a Defence Minister, said on Monday, but added that they were "generally at a lower level-of

Haig believes Britain has upper hand

Mr Alexander Haig, the U.S. Secretary of State, believes Britain has the upper hand in the battle for the Falklands and could be moving to an early victory, Reginald Dale writes from Washington.

State Department officials confirmed reports by leading Republican congressmen that Mr Haig had given this assessment at a White House bricking attended by President Royald Reagan vesterday. They said Mr Haig, a former Nato supreme commander, believed that Britain should be "vigorous in battle and magnanimous in victory."

After the White House briefing, Mr Howard Baker, the Senate Republican majority leader, said that Mr Haig "had indicated that military activity bad been very great in the past few hours and there was some prospect that we would see a result before very long." Mr Robert Michel, Republican minority

leader in the House of Representatives, said that Mr Haig had given the impression that

"the British would appear to be in a position militarily to bring it to an early conclusion."

Pentagon officials said that, if the British

tally of downed Argentine aircraft was correct, another all-out attack on the British fleet, with in the past few days, might be the last that the Argentines could mount. The State Department said the U.S.

remained ready to be helpful in any future negotiations and renewed its support for Security Council resolution 502 as the basic framework for a settlement. The resolution calls for an end to hostilities, Argentine withdrawal and further negotiations.
Officials confirmed that the special

ministerial meeting of the 30 nation Organisation of American States will reconvene in Washington tomorrow morning, Argentina, which called the meeting, wants it to consider "further measures" against Britain, ranging from diplomatic and economic sanctions to military support for Buenos Aires.

EEC braced for more tough talks on budget

BY JOHN WYLES IN BRUSSELS

setting up their positions for an autumn budget battle with Britain yesterday almost before the ink was dry on their early morning deal which reduces the UK's payment to the Community budget this year.

Under the deal for this year, the other nine EEC members' earlier "take it or leave it' offer of a £448m rebate has been raised to £476m, leaving Britain paying £381 to Brussels this year. In case this contribution proves to be higher, British officials emphasised they had also gained a "risk-sharing" formula which could be used to increase

the rebate. A commitment by the nine to decide a longer-term solution "before the end of November" ment's willingness to talk Mrs Thatcher made clear that the was a key condition for UK acceptance of the interim 12-month arrangement.

France and West Germany have signalled that the next Later in a BBC radio interview, Mr Foot said it would be round of negotiations will be as wrong to insist upon unconditough as the series just ended. tional surrender, and Britain They will be seeking to build should keep open lines to the UN Secretary General. He said: "We have got to keep a door on concessions made by Mr Francis Pym, the Foreign Secre-

open for discussions and nego While British officials stressed trations and an escape route the concessions they had secured in the deal they did not deny that the UK had backed for the military regime in away from its earlier demand for a £564m rebate this year. British officials emphasise that the lower rebate agreed yester-day should be seen against the fact that Britain did "extremely. well" out of the May, 1980, settlement which was the frame-

work for the new deal. Britain's partners intend to ensure that in the next round of negotiations the fact that the UK paid £530m less than planned to the EEC over the CITIBANK, one of the two bigpast two years is taken into gest banks in the U.S., yesteraccount

day cut its prime lending rate M Andre Chandernagor, half a percentage point to France's Minister for Europe 16 per cent. This was the first reduction since March 8, in the said yesterday that France would only accept a two-year agreement running until the end of 1984. He also insisted rate at which top banks lend that any 1983 rebate must be has been widely expected, reflected the recent drop in less than the figure fixed for this year.

Mr Pym's flexibility during Monday night's negotiations Other banks, however, were slow to follow suit, and by midwon praise from all delegations afternoon no other major bank and also from M Gaston Thorn, President of the European Com-Mr Michael Callen, senior mission. But there was some puzzlement, freely expressed by cast however, that if short-term M Chandernagor as to why Britain appeared to dash for an interest rates stayed where they were, "the others will be agreement early on Tuesday morning.

He was "60 to 70 per cent "Britain's attachment to the certain" that prime rates would Community is stronger than it continue to drift downwards, appears. But she must make although he also expected some more efforts to adapt since she clearly wants to stay," commented the French minister. The fact that Mr Pym had

EEC GOVERNMENTS began compromised brought tangible relief in Brussels where many officials were bracing themselves for a deepening of the crisis sparked by the overruling of the British veto on farm prices last

> West Germany's hard-line stance was crucial in pinning Mr Pym to the final figure. Bonn also secured a concession from the other eight which agreed that West Germany should only pay half its normal contribution to the British rebate. In a follow-up to yesterday's deal, Germany gave notice that it would only pay a quarter of its share of any rebates agreed by November.

> Details of the funding of this year's special payment to the UK had not been worked out by the time ministers broke up vesterday and there could still be arguments between France, Denmark and the Benelux, countries as to how the burden should be distributed.

Margaret van Hattem writes: The Labour Party will today. call on the Government to with, hold payments to the EEC budget, in retaliation for Britain's defeat in last week's Farm Council.

In an amendment to Government's motion on the role of the EEC in both the Falklands crisis and the budget dispute, Labour will express its strong disapproval of the oneyear budget rebate, which it considers does not answer the underlying budget problem.

It will also call on the Government to make a "funda-

mental reappraisal" of Britain's relationship with its EEC partners. The Government is bracing itself for a barrage of criticism

from its own back benchers and from Labour in i today's Commons debate. The Government's motion welcomes the decision of seven other EEC countries to extend indefinitely the economic sanc-

tions against Argentina but "regrets" that the Community's "customary procedures" were set aside at the Farm Council. It calls for support for the Government "in its efforts to establish clear procedures of Community hasiness and to secure continuing and equitable arrangements for the UK's budget contribution."

Britain and EEC partners declare truce, Page 2

£ in New York

May 24

Grand Met launches rights issue

BY RAY MAUGHAN

GRAND METROPOLITAN, the rights in the City so far in 1982 British Petroleum raised £623m 1980.

in June last year. After the acquisitions of Liggett, the U.S. drinks and tobacco group, and the Intercontinental Hotels Corporation last year for a combined cash payment of £530m, Grand debts Metropolitan's now proposing to reduce them with a rights issue raising £124.5m after expenses. Its terms are one

ordinary share for every seven shares held at 174p. The existing shares rose 7p yesterday to The issue brings the total of than might be deemed appro-

hotels, brewing and leisure to £483m and, with the excep-group headed by Sir Maxwell tion of BP's financing, is the loseph, yesterday launched the largest fund-raising of its type largest rights issue seen in the since Consolidated Goldfields London stock market since called for £181m in November

Grand Metropolitan pointed out yesterday that while its interim profits for the year to March 31 last had grown by a tenth to £74.8m, interest pay-ments had increased from £43.9m to £71.3m.

Mr Michael Orr, the group's grown to about £950m. It is finance director, said that the group had regarded its debt levels as acceptable and, since Grand Met's mainstream activi-ties produced substantial cash flows and the balance sheet was underpinned by marketable property assets, it could withstand higher level of borrowing Panmure Gordon, L. Messel and

However, capital spending is excess of £200m and it had become apparent in recent months that the board would need to adopt an over-selective approach to new investment proposals in order to achieve worthwhile reductions borrowings."

Mr Orr added that "if capital spending were set to tail off, then no new funding would be required." As it is, the rights issue,

which has been underwritten by S. G. Warburg, "will make a once and for all correction to the balance sheet which makes it less necessary to generate substantial positive cash flows year by year.

Brokers to the issue are

Lex, Back Page

gross funds raised through priate by other companies. CONTENTS

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ANNUAL STATEMENTS French Kier ... 27 14 26 26 30 35 37 U.S. Annual Rep. **PROSPECTUS**

How Grindlays helps BL export

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23 Fenchurch Street, London EC3P3FD. Tel: 01-626 0545. Telex: 885043/8 GRNDLYG

French franc from the Euro- that President Francois Mitter-pean Monetary System (EMS) rand is as basically dedicated to by the end of this year is the EMS as was his predecessor, regarded by the West German M Valery Giscard d'Estaing. It Government as a real, if regret- is thus feared in Bonn that a table, possibility. Such an fundamental decision could be action would not only dash the already fading hopes of further autumn, not simply on whether EMS development, but could to devalue the franc but on mean a shift to greater French whether to keep the currency in trade protectionism.

Both developments would be stabilise European currencies, facilitate trade and economic

Delars, the French Economics recognise that he is personally in favour of the EMS. Bonn is

Pope's visit to Britain By Rupert Cornwell in Rome THE VATICAN yesterday announced officially that Pope

Vatican

confirms

John Paul will go abead with his six-day pastoral, visit to Britain, due to start on Friday. The historic trip, the first by a reigning Pontiff to Britain since Henry VIII's taken in Paris round about the schism with Rome in the

rate

sixteenth century, was con-firmed with the publication by the Holy See of details of the the EMS at all. Pope's programme. Until the last moment his The franc's departure would journey had been cast into leave the system still more doubt by the continuing con-flict between Britain and Argentina over the Falkland clearly dominated by the D-Mark, plus the Benelux currencies, the Danish krone and Islands. But now, although the British Catholic Church retains the option of advising

against the Pope's visit, it seems certain that he will go. The programme appears the same as that outlined several months ago. However, it is understood that in order to pre-empt any possibility of charges that the Pope is siding with Britain in Its dispute with Buenos Aires, all planned encounters with British politicians have been

He will, however, meet the Queen, in her capacity as head of the Anglican Church, and the Royal family, for 40 minutes on Friday afternoon. His call at Buckinham

Palace will come hours after a Mass at Westminster Cathedral. The following morning he will celebrate an "ecumenical function" with the Archbishop of Canterbury at Canterbury Cathedral, to be followed the same afternoon by a Mass at Wembley

Stadium.

The Pope will hold further Masses at Coventry, Liverpool and Manchester, before leaving for two days in Scotland. On June 2 he will travel to Cardiff where he will celebrate an open-air Mass, before returning to Rome from the city's airport in the early evening. That the trip is going

ahead is a measure of the Pope's determination to carry through his visit with its vast significance. Despite the intensification of the fighting in the South Atlantic, the probability that he would go had increased notably in the last few days. One factor had been the strong pressures on him from

the British Catholic community, as well as a personal plea from Dr Robert Runcie, the Archbishop of Canterbury. Another has been the acquiescence of the Argentine church, after strong initial opposition. The Pope has intimated his

readiness to pay a similar visit to Argentina, perhaps within the next two months, to show that he is taking no sides on the Falklands issue. His neutrality, and insistence on an end to fighting was emphasised by the identical letters he despatched late last week to Mrs Margaret Thatcher, the British Prime Minister, and General Galtieri, the Argentine President.

BUDGET DEAL BRINGS BREATHING SPACE IN 'POISONOUS ARGUMENT' Britain and EEC partners declare a truce

BY JOHN WYLES IN BRUSSELS

Government told me recently affirmed. that we shall not be able to solve the Community's major problems before one minute to midnight," said M Gaston Thorn, president of the European Commission yesterday.

He was reflecting on the out-come of negotiations which actually drew to a weary close at 2.45 am yesterday morning with agreements which signal a truce in the extremely damaging confrontation of the last 10 days between Britain and its

Mr Francis Pym, the UK Foreign Secretary and his col- 2

That Britain has now won an acceptable rebate of £476m to offset fis total anticipated contributions of £857m to the EEC budget this year.

• That other Governments look ready to give assurances over majority farm price vote was an aberration which leaves still built on the threat of the ntact a member Government's right to veto agreements which run against its national interests.

which appear to have stopped the Community's crisis clock at one minute to midnight. Com- of the budget dispute, whose munity solidarity with Britain poles of difference have tradi-

"A HEAD OF STATE and over the Falklands has been re

The budget deal, meanwhile, is based on an undertaking to negotiate a longer term arrangement for the UK before the end of November and imposes an interval on what one senior British Minister has called a "poisonous argument" which has been dragging on for mowhs and months.

Perhaps most important, this interval allows London to give its undivided attention to resolving its greatest overseas crisis of the last 26 years.

The Falklands conict has been constant thread running leagues at the British Foreign through Britain's difficulties in Office are bound to make the the EEC over the past few most of the "success" of the weeks. Several governments negotiations by EEC Foreign were encouraged to disregard Ministers during what may be an uncomfortable debate for last week because they saw it the Covernment in the House as an ungenerous response to of Commons today. speedy adoption of the ban on Creat stress will be laid on Argentine imports in mid-April. the fact that six EEC partners Once this lever was snatched from the UK, London had the To an indefinite ban on imports from Argentina which two others, Italy and Ireland, will not apply but will not underfor a period of calm in Europe by stratching the best shortterm budget arrangement it could get.

This is what Mr Pym did early yesterday morning, but in the process he was forced to compromise to an extent un-acceptable two months ago when British confidence was farm price veto. He was forced to bend a hard-line from West against its important Germany which remained tal interests. almost totally inflexible down These are all valuable gains to the last lap of the negotia-

tions.
This transformed the nature

• On the basis of a Commission estimate of Britain's net contribution as 1.530bm Ecu this year, the rebate is fixed at 850m Eeu.

• The fact that Britain paid less in 1980 and 1981 will be taken into account when negotiating the multi-annual solution (British officials are uncertain" about whether the text actually means this).

 If Britain's unadjusted payments are in fact between 1.53bn Ecu and 1.58bn Ecu, the UK will bear the cost. If they are between 1.58hn Ecu and 1.73bn Ecu, the extra will

be shared equally between the UK and its partners. If the payment is above 1.73hn Ecu. Britain will absorb 25 per cent and its partners 75 per cent.

Payments to the UK will be made out of the budget but the least prosperous member states may be relieved of some of their share. The Community " will take appropriate account" of the problem of West Germany's contribution.

• Ministers undertake to reach a decision before the end of November on a solution for 1983 and later.

take a third year under the May. tionally been Britain and France. In the spring of 1980, it was France which first 1980, deal and negotiate later relented with an offer of special rebates to the UK, and it was Bonn fixed its "bottom line" for the UK at ECU 800m (\$448m). Germany which reluctantly picked up the tab for the May, 1980, agreement guaranteeing Britain rebates of 2.585bn Euro-It remained true to this through negotiations on Monday night, adding, for good measure, that it wouly pay ECU 140m towards pean Currency Units (£1.4bn) in 1980 and 1981. this rebate instead of the ECU 280m it would normally When it shouldered the re-

sponsibility for financing 36 per . This is an important factor in judging Mr Pym's concessions.

In a paper produced last
Tuesday he argued that a rebate cent of these rebates. Bonn made it clear that, while it was willing to be the largest single in line with May, 1980, agree-ment would be ECU 1.008bn contributor to the Community budget, other special burdens of this kind would have to be more (£564m) — substantially less than ECU 1.2bn (£672m) the fairly shared by France, the British had targeted a few weeks Anxious to find more money, earlier.

for job creation out of a public On Monday night, Herr Hans Dietricht Genscher remained un-moveable as did his colleagues budget already above target, West Germany decided on a rebate it could afford for the UK since they knew any further conin 1982 and then dug in it's heels cessions would be at their expense. Their reluctance to Once Mr Pym had indicated accept this forced Mr Pym into in early May that Britain would settling for a rebate of ECU

850m which was only unlocked at 2.30 am after Herr Genscher had secured Bonn's agreement to raising Germany's : cheque share to the UK from ECU 140m

West German inflexibility is one reason why M Thorn and others suggested yesterday that Mr Pym could have secured an

identical agreement nine days ago in Luxembourg and, thus, avoided the humiliation over farm prices. British officials indignantly;

reject this and claim that Monday's achievement lies in raising the offer from ECU 880m to ECU 850m, in removing from a Thorn compromise any reference to a fixed net contri-bution by the UK (which could theoretically reduce the size of the rebate) and in securing a "risk sharing" agreement which partially protects the UK against a higher net contribu-

tion this year than is forecast by the Commission. But the firmest indication of the extent of UK concessions is Mr Pym's public stress on the need to see this year's rebate in the light of the unintended benefits gained by the UK under the 1980 agreement Britain the 1980 agreement Britain has, in fact, paid around £530m less into the EEC budget in 1980 and 1981 than was envisaged. With the 1982 solution, about 76 per cent of its payments will have been reimbursed while the intention in 1980 had been 66

Until this week British officials have insisted that the happy outcome in 1980 and 1981 was an accident of history which partly reflected the negotiating incompetence of its partners, who, for their part, have been increasingly determined to force Britain to acknowledge its I windfall in any 1982 solution.

Call for more cuts in Polish state spending

YUGOSLAVIA may end this remains a member of the nine- the deficit might be eliminated agencies have been reluctant to

year without a deficit on its man presidency council. The this year, ahead of schedule. The advance export credit to Yugo-

slav collective leadership but economic course, now considers Western banks and official credit surplus on its current account

BY CHRISTOPHER BOBINSKI IN WARSAW

caled for further cuts in Polish Government spending to re-present duce the Zl 368bn (£2.4bn) session. budget deficit planned for this The

The call came on the eve of while today's debate on this year's Zi 2,618bn. budget and the prospects for the economy until the end of The newspaper, Zycie War-

szawy, also urges that Mr owned Stanislaw Majewski, the head Zl 1,217bn. which, under economic reforms ture is set at Zl 234bn, while introduced at the start of the insurance payments are ex-three years after 1984, is seen

BY ALEKSANDER LEBL IN BELGRADE

This forecast comes from Mr

current account balance of pay- current plan is for a reduction

ments because drastic import in Yugoslavia's hard currency

reductions are narrowing the current account deficit which

country's trade deficit faster was \$1.4bn last year, from

Sergej Kraigher, who this But Mr Kraigher, who has month stepped down from a been chairing a high-level com-

year as president of the Yugo- mission on the country's future

A WARSAW newspaper has year enjoys greater powers pected to reach Zl 345hn. present financial policy at the The Government expects to

> expenditure is set at The largest planned item of expenditure which the Government is asking the Parliament to approve is subsidies to state-

have an income of ZI 2.250bn.

industry set Spending on health and cul-

\$500m this year, to zero in 1983.

But Mr Kraigher, who has

Walter Ellis in Amsterdam reviews the implications of coalition Government's collapse

the budget in September. Democrats 66 prefer an

election as soon as possible

fought on the terms of rival

the Labour Party, whose angry withdrawal from the

previous, three-party coalition

over proposed spending cuts

precipitated the crisis, is de-

manding an election before

Mr Josp den Uyl, leader of

proposed budgets.

Zycie Warszawy, however, is especially critical of a compulsory loan amounting to 30 per cent of after-tax profits which Mr Marian Krzak, the Finance Minister, is proposing to raise

Benelux and Denmark.

to any further increase.

cover part of the deficit. The loan is unpopular with managers who independence to recycle any profit they make under the new

regulations. paid back by the state over

reasoning behind this is that

the January-April trade deficit

this year was \$790m less that

in the same period of 1981, even

larly imports, were well below

though exports, and particu- than \$4bn compared to the

independence and to the com-panies' ability to modernise and The paper argues that since the national income is likely to

as a blow to this newly-granted

fall by some 10 per cent this year. Government spending must reflect the drop. "The Government in order

to maintain the social peace. wants to be kind and keep the welfare umbrella wide open. egulations.

"The alternative must be a The loan, which would be policy of real savings which aid back by the state over would concentrate on the bare

slavia and, thus, imports are

way down. Forced or not, if the

same trend continues, this year's

trade deficit could end up less

\$5.3bn level originally projec-

ted. With its traditional surplus

By convention and choice, once a party has entered

Opposition in the Netherlands,

without an intervening elec-tion. Autumn is the likely choice for a contest and, unless

victory is clear cut, further

extended horse trading would then begin with a new Cabinet

in office, perhaps by Christmas.

government elections in March

opinion poll. Democrats, '66 a

new van Agt Government could

waed straight into the issue of

econmic restraint and push through the Fl 12bn (£2.6bn) or

so in cuts for this year and next

which the Premier considers

essential to recover.

Outright victory for the

cannot join the Government

rules for oil rig safety proposed

By Fay Gjester in Oslo

Standard

A PLAN-to fix common European safety standards for oil drilling rigs has been approved at a conference here of repre-sentatives of nine European governments and six international organisations. If the governments involved agree, the aim is to establish a voluntary certification system, making it simpler to move rigs from one country's sector to another.

Import curbs narrow Yugoslavia's trade gap At present a rig moving to job in another country's waters must be inspected by that country's authorities and perhaps slightly modified to meet their standards. The conference proposed rules to cover 15 different aspects of rig safety: for example, anchoring

stability and rescue equipment. Owners could obtain from any of the nine countries a certifi-cate accepted by all. This would mean less work for certifying authorities and save time and cut costs for rig operators.

An official of the Norwegian

This has been, in effect, a on invisible trade, Yugoslavia "forced" improvement because might then show an overall Maritime Directorate believed the rules would increase safety by incorporating the best of each country's requirements — " a kind of highest common denominator of safety."

Norway which tightened its safety rules for all types of floating rigs after the loss of the hotel platform "Alexander Kielland," is keen to see international standards raised. Norwegian rie owners, however, have expressed concern that the tough rules with which they must comply could make their rigs uncompetitive in parts of the world where governments are less safety-conscious.

The nine countries repre-sented at the Oslo conference the third of its kind — were Norway, Britain, Ireland, Centre-Right is as things stand, a real possibility. Labour did extremely badly in the local France, the Netherlands, West Germany. Denmark: Sweden and Belgium. They have been meeting periodically since 1973 to and is currently low in the discuss offshore safety but consultation between officials on party of progerssive liberals is in an idealogical muddle. A the subject is more or less continuous.

Norway's Oil Directorate, meanwhile, has warned that personnel shortages last year prevented it from fulfilling properly its task of supervising safety offshore.

Dutch army Labour, for its prat, would probably be reduced in size and, in Opposition, could well be criticised forced by the Government out to the extremes of its policies. In In this, it would have the sup-

port of large sections of the trade union movement—thus. perhaps, paving the way for widespread industrial confronta-

> He said the Netherlands should station an additional brigade in a forward position in Wets Germany to supplement the 5,500 strong brigade it already has there - Reuter

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates 335.00, per annum. Second Class Bosings and at May York, N.Y., and at additional mailing

on foreigners' activities

"foreign activities that may

prohibits participation by foreigners in activities which advantage over another.

for offenders. In its present form the Bill

many

Government of trying to bring down an "iron curtain" around

whether it intends to stamp out condemned by the paigns—for foreign politicians

> seats less than Mr Mintoff's been broadcasting from Sicily because it claims that Malta's state-run broadcasting stations are biased towards the Govern-

Political vacuum threatens Dutch economy the normally open face atop the Netherland's body politic. The recent collapse of the ruling Centre-Left Coalition has meant that MPs are once more in the market for partners, and deals

excluded. The prize is power, but the responsibility is greater: how to draw the Netherlands back from the brink of economic decline. With unemployment over im -10 per cent of the labour force—and with even the big-gest companies facing difficult conditions, bankers and businessmen are anxious that the political vacuum should be filled as quickly as pressible. They were gloomy about the country's conomic prospects even before the crisis, but now they fear that the absence of direction Export Finance

chronic difficulty into something Bankruptcies and closures have been on the increase over the last 12 months and the profit trend is downwards. Companies, though, have sought to exercise control and are anxious to prevent their carefully structured retreat from being turned into a rout.

from the top could turn a

but they do sense a growing unease and a belief that only traditional pattern of growth. There are other factors at work. The world recession will Netherlands no matter who is in charge, and natural gas, once Nevertheless, while the talk queues, conversation in the board rooms continues to turn on which political leader can be relied upon to call a halt to

big-spending policies.

AN INTERIM Dutch Government, headed by Mr Drics van Agt (right), is expected to be announced today, writes Walter Ellis. As expected, it will comprise the Christian Democrat and Democrats 66 parties in a minority administration, which probably will remain in office only until general election in the

The Netherlands has been without an effective Government for a fortnight, and difficulties are understood to remain not merely about economic strategy but over the timing of an election. Mr van Agt's Christian Democrats want to postpone polling day until his new administration has introduced

the budegt and has some support from the opposition Liberals. Queen Beatrix will be well aware of the delicate nature of agreements reached be-tween her fueding politicians. Acting, however, on the advice of her informateur," Mr Plet Steenkamp, she scems bound to go ahead

The era of restraint is waiting to be ushered in: who, businessmen are asking, will

Premier Dries van Agt's recent proposal of cuts in public spending, with its consequent reduction in public borrowing and (unspoken) abandonment of the Labour Analysts in Amsterdam are party's cherished job-creation not convinced that an economic scheme, was the immediate armageddon need be at hand, cause of this month's crisis. Labour found the plan unacceptable. Mr van Agt has demonstrated, however, that he a strong government, undemonstrated, however, that he not at the expense of its own deterred by short-term political is determined to see it through, plan for the large-scale creation expediency, can turn the coun- and his unyielding stance has try around and restore the made him the overwhelming choice as the businessman's

candidate. One additional reason for the make its presence felt in the Christian Democrat lenders' popularity is, no doubt, his stated intention to increase inexhausted, cannot be restored. vestment in industry by means of a novel form of tax break. He among the workers is of the proposes that a proportion of growing length of the dole income tax should be invested in employees' own companies, with advice on how the money should among others, the workers themselves.

Industry is keen that, by one equipment and to aid research. The Labour Party, under Mr Joop den Uyl, a former Prime Minister and long-standing rival of Mr van Agt, would be prepared to accept such a deal, but

of jobs. Labour and the Christian Democrats could be said to share the same vision - a prosperous Netherlands with full employment - and are certainly ready to discuss compromise cabinet wo over specific ideas. Unfortun-partners, ately, at present they are approaching the problem from opposite directions and a meet-

drop of a hat if it means that but elections could remain the Government's guarantee of practically inevitable,



If Mr van Agt succeeeds in

putting together a minority Democrats



Dutch offshoot of the Swedish is kept in place and there is car maker, and Oce-van der no reduction in the present take it by the arm and guide Grinten, the reprographics scale of sickness benefits. Mr it into the light? Group, have each thrived on van Agt would like to see both state aid over the past year, cut in a bid to bring down the horrendous cost of the welfare means or another, Sesh capital state; Mr den Uyl has replied should be made available to that the system is an essential help with the purchase of new part of civilised government and cannot be touched.

Mr den Uyi is also concerned. about wage indexation, which the Christian Democrats continue to accept in principle but only with changes in the ratio of pay rises to rate of inflation so that increases are kept lower than at present. Industry agrees, the unions do not

cabinet with his other erstwhile politically ambiguous party with 17 seats in Parliamenthe will need the tacit supportopposite directions and a meet- he will need the tacit support that which has brought much ing in the middle seems a long of the Opposition Liberals of Rotterdam Harbour to a (VVD). This he is likely to Mr den Uyl has the support get, for the VVD worked well of the trade unions, which are with the Christian Democrats best he spent coming from, ready to demonstrate at the in the previous administration,

-flitothse wBCl now the timC If Mr van Agt does triumph this year, he will have to act quickly and with resolution. and his policies will have to be seen to bear early fruit. Unilever, Philips and Akzocan weather almost any storm. Other enterprises are more vulnerable. Industry wants the van Agi

cuts, but they do not want massive union discontent, such as standstill in recent weeks. How much unemployment and how much unrest can be borne while the recovery is engineered is the judgment that shortly will

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The GIGG.

Jacobie 11

by Nato chief

THE HAGUE - the Supreme Commander of Nato forces in Europe has criticised the quality of the Dutch army and said the Netherlands should double the number of troops it has stationed in West Germany. General Bernard Rogers of the U.S. told a meeting of Dutch reserve officers yesterday that he was concerned at the strength of Dutch units which would come under his command in a crisis. Their standard of training fell far below desirable levels, he added.

may quit EMS WITHDRAWAL of the Government, and it is not clear

deplored by Bonn which, with Paris, was mainly responsible for bringing the EMS inte being in 1979. The aim was to growth and help member countries carry through tough, anti inflationary

Government officials here note not only the large sums being devoted by the Banque de France to help support the franc, but also the discouraging fundamental economic data. It is pointed out that the French trade deficit has been increasing rapidly, output is stagnant and inflation remains well over double the West German rate

of 5 per cent. Officials express admiration for the policy alm of M Jacques keen to do all it can publicly as well as privately to strengthen

However, it is also recognised that M Delors has strong opponents within the French

domestic borrowing BY DAYID WHITE IN PARIS THE French Government is to

its second domestic

France plans further

month with a further loan of FFr 10bn (£888m). The loan, to be floated on June 9, is to help finance a

budget deficit which is officially projected at FFr 95.5bn. The eight-year bonds are to carry a fixed interest rate of 16 per cent, and not a floating rate as the Finance Ministry

was originally believed to have been considering. recent easing of rates on the announce a new borrowing money market, the coupon is before the summer holidays,

The last loan was rather less enthusiastically received than highly popular first issue last September, which carried a 16.75 per cent coupon and was pushed up to a total of FFr 15bn from an originally planned figure of FFr 8bn.

the Italian lira (which has a

wider fluctuation band than the

others). The pound sterling

does not participate in the

Officials stress that if the

departure of the franc from the

EMS had technical, monetary

significance alone then it would hardly be a disaster. But they believe the act would imply that

the hopes of economic converg-

ence between West Germany

and France had proved utopian,

and that co-operation between

the two countries would be more

Already the Bonn Govern-ment is worried about its huge

trade surplus (about DM 12bn)

with France last year, recognis-

ing that a continuous imbalance

of that order would stimulate

protectionist pressure. That

increase further if the franc is

released from the constraints of

difficult in future.

exchange

system's

But bond dealers expect the new issue to go down well with the traditional institutional clients for state loans, such as pension funds, as well as with

the public.
The Government, which has However, in line with the been waiting for its moment to below the 16.2 per cent attached has profited from a recent to a similar FFr 10bn issue in revival of both the primary and

secondary bond markets.

Malta to tighten controls

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intending to introduce controls example, whether the Govern on a wide range of activities by ment intends to restrict the foreigners in the islands. The activities of visiting foreign Bill, aimed at controlling journalists. Nor is it certain amount to interference in completely the practice—Maltese affairs," has been common during electoral camopposition as unconstitutional to appear on platforms with and running counter to the local political parties, provisions of the Helsinki The proposed legisla

The Bill, which Mr Dom Mintoff's Government hopes to television programmes intended pass into law in September, not affect commercial, industrial, diplomatic or sporting activities, nor those normally expected of visitors, but won three parliamentary such as tourists. However, it does bar activities that may constitute an interference in election, will be unable to local affairs and the Govern-continue using television ment's foreign policy. It also

may give one political party an Heavy fines and imprisonment in certain cases are prescribed

The proposed legislation also makes it illegal for Maltese to participate in foreign radio and to be received primarily in Malta. This means that the opposition Nationalist Party, which polled 4,000 votes more ruling Labour Party at the last stations in Sicily. The party has

ment. The Nationalists accuse the

Banks' controls questioned after Drysdale default

BY DAVID LASCELLES IN NEW YORK

MR ANTHONY SOLOMON, assemble the bonds necessary president of the New York to take up its position, Mr Solo-Federal Reserve Bank, yestermon said there were still some day questioned the quality of legal issues to be resolved as controls at Chase Manhattan to who was liable for Drysdale's and other banks involved in debts. But, he added, "without last week's Drysdale govern- taking a position on a legal ment securities affair, and said matter which might be tested he thought they should be im- in the courts, it does seem that proved. Mr Solomon also said the banks could improve their an investigation was under way control procedures." to determine exactly what happened. He doubted, however, that more trading firms were about to default as Drysdale did last week, and he advised Congressional lawmakers against assuming that more regulations would avert a re-

peat of the problem. Mr Solomon's remarks, made at Senate hearings which opened here yesterday into the causes and impact of Drysdale's failure to pay several hundred million dollars of interest on borrowed securities, marked the first public response of U.S. banking officials to the crisis. But he and officials from the U.S. Treasury and the Securities and Exchange Commission who also appeared yesterday, emphasised that Drysdaie's financial position was so complicated

fore all the facts were known. closely supervises the Govern-Drysdale's problems arose "because its activities were conducted on a scale out of all proportion to its capital."

that it might be some time be-

market worth billions of dollars, he said, though the firm's capi-tal base was of the order of

exposed to moves in interest rates." he said.

BY KIM FUAD IN CARACAS

square miles disputed zone

would be split between the two nations. Venezuela's leading

opposition party said yesterday.

president of the "Accion Demo-

so-called

Venezuela has claimed since the

and Guyana are expected to

negotiations under a

border commission,

the

last century.

Senator Gonzalo Barrios.

should seek a peaceful and with an outcome the practical solution to the claim favour us." he said.

of the claim ends. Venezuela area, , was

Guyana

banks, which helped Drysdale said.

Apart from Chase Manhattan, two other banks-Manufacturers Hanover and U.S. Trust Company-were involved with Drysdale, though on a much smaller scale. Chase has said that its after-tax losses could amount to \$135m, roughly the equivalent to one quarter's earnings.

Mr Solomon told the hearings: "It would be premature at this time to consider rule-making."
No member of the public had
lost money because of the crisis, he said, and the financial markets had stood up to it encouragingly well. He also said that the crisis had forced U.S. banks and dealers to take a good hard look at their trading partners, and if this had thrown up ay new Drysdale-type problems, he was sure he would have heard about them.

However, Wall Street was conducting its own investigation Mr Solomon, whose bank into the affair, and he hoped this would prompt dealers to ment's securities market, said improve their techniques and close the loopholes that Drysdale was able to exploit.

The regulatory authorities would also be investigating last Drysdale held positions in week's events, he said, but he doubted at this stage that new laws or regulations were needed.

Formalised regulation could "Drysdale apparently failed well add to the costs and impede to contain its risk and left itself liquidity in this highly efficient market where the Treasury finances its debt and the Fed As for the involvement of the conducts monetary policy."

from Guyana.

Compromise plan for next few weeks. solving Essequibo dispute

VENEZUELA'S CLAIM to two- which includes Britain, estabthirds of neighbouring Guyana's lished in 1966.

territory could be resolved Dr Barios flatly rejected calls territory could be resolved Dr Barios flatly rejected calls through a compromise agree—by ultra-nationalists to use force ment under which the 50,000 to recover the disputed area They seem to forget that it is a sovereign recognised country and that Venezuelan including nationalisation. ntor Gonzalo Barrios, aggression would certainly ent of the "Accion Demo-bring about a juridicial, diplo-"Party, said Venezuela matic and economic reaction

In addition, the World Bank intends to expand the International Finance Corporation, a bank affiliate which lends to with an outcome that would not and invests directly in private sector ventures in developing Venezuela bases its claims on

> ing countries of sub-Saharan Africa, \$100m (£55.5m) of IFC investments had mobilised \$600m of other private funds. Mr Clausen said.

Rise in salary sweeteners lures executives abroad

allowances.

On June 18 a 12-year freezing British colony of Guyana the

BY RICHARD LAMBERT IN NEW YORK

ingly having to sweeten the pay still include this premium in cheques of executives working overseas in an effort to make foreign service more attractive. The reason, according to a study published today by the Conference Board, is that foreign service has become far less attractive than it used to be for most Americans.

"The steady rise of anti-Americanism has eroded the psychic compensation, while reduced purchasing power of the dollar, magnified abroad, plus inflation at home has just about removed the financial advantages," the study claims.

The analysis is based on 123 large companies with combined sales exceeding \$7bn (£3.8bn), all of which have large inter-national interests. Compared with a similar study made in 1972, it shows a significant increase in the proportion of is provided by 96 per cent of companies paying special ollow-companies in the survey. Thanks rompanies paying special ollow-ances to their expatriate ances to their expatriate to the Economic Recovery Tax employees. When all the items Act of 1981, the tax burden on are added together, including transportation and vacation allowances, the whole lot can come to two to three times a U.S. employee's equivalent

The study analysed different elements of the expatriate's pay package under several headings:

• The foreign service premium. This is a relic of the days when foreign service meant real hardship, as well as total isolation from the nearest and Board, 845 Third Aven dearest. All the same, 74 per York, New York 10022.

BIG U.S. companies are increas- cent of the companies surveyed their pay plans, and 69 per cent also make separate hardship

the assertion that an 1899 inter-

national arbitration of the

consequently not now valid.

dispute, which gave the then

Latin America and Falklands

dispute, Page 4

flawed

and

Cost of living allowances. Offered by 97 per cent of the companies in the study, this turns out to be one of the hardest items to work out to everyone's satisfaction. More than three-quarters of the companies hire outside consultants to help them arrive at an answer, but there are still lots of complaints.

• Housing. The vast majority of companies (94 per cent) have adopted a housing assistance plan. These come in many different shapes. Some employ-ers pay the full rent and utili-ties, others defray the notional extra rent; still others provide

company-owned housing. 1 Income tax protection. This many U.S. expatriates (or their employers) will be substantially reduced. But many will remain on the U.S. tax books, and all will be subject to highly progressive foreign taxes.

 Other fringe benefits. Almost all the companies extend per-formance bonuses to their expatriate employees, mainly in the form of current cash income.

Compensating Foreign Service Personnel. The Conference Board, 845 Third Avenue, New

Tomorrow, what if the board accepts word-processing in principle? I'll veto it. on principle

Yes or no! For the answer in black and white, see tomorrow's FT.

Investment insurance agency proposed

By Anatole Kaletsky in Washington

A NEW international investment insurance agency was yesterday proposed by Mr A. W. Clausen, president of the World Bank.

Mr Clausen also said the World Bank may participate in syndicated commercial credits to developing countries as part of a "new era of partnership" between the World Bank and the international commercial banking community.

Mr Clausen, speaking at the international monetary conference in Vancouver, said commercial banks could simultaneously increase their profits and strengthen the international financial system by combining their vested interests with those of the developing countries and the World Bank.

Specifically, he proposed a major increase in co-financing, in which commercial banks join in the financing of World Bank projects. He argued that private banks enjoyed added security by committing their funds to co-financing with the World Bank because of its proven track record in developing successful projects and because of its unique relationship with developing countries.

The World Bank has never rescheduled or faced a default on a single loan, he pointed out. Certain banks, including Amsterdam-Rotterdam Bank. and supervisory authorities, Bank of England and the U.S. Treasury, had recognised this by treating co-financed loans as a category separate assessing exposure to country

Mr Clausen said the World Bank was evaluating "a broad array" of co-financing techniques, including syndicated loan participation. The bank's board would probably approve some of these in the

Mr Clausen will also present to the board the idea of a multilateral investment insurance scheme in the next few months. It is understood that this would work with private insurance companies and national export credit organisations, such as Britain's Export Credits Guarantee Department, to insure private investors in developing countries against country risks,

countries.

Even in the poorest develop-

Mexican exchange controls ruled out

By William Chislett in Mexico City

THE BANK of Mexico has ruled out foreign exchange controls despite the massive outflows of capital sparked off by the 45 per cent depre-ciation of the peso since it was floated in February. However, an increasing number of Mexicans still fear

that controls will be imposed, partly because they tend to believe the opposite of what their Government tells them. Businessmen point to the government's promise to defend the peso "like a dog," and doubt the equally vehement denials over the

introduction of exchange

Mexico's primary national reserves. stood at a record \$5bn (£2.7bn) at the end of 1981 (a further \$5.7bn are secondary) are now at a precariously low but unknown level. An estimated \$1.2bn "left" Mexico in the six weeks before the peso's flotation, and capital outflows have remained high in the

past few weeks. "Mexico cannot support this drain on its reserves for ever," said a U.S. banker, who added that he was receiving calls from Mexicans about placing their money in U.S. bank accounts.

If the report prepared by

Sr Miguel Mancera, the Bank

of Mexico's new director general, is to be believed, Mexico will not try to stop capital outflows through exchange controls, which have never existed in the country. The lack of controls and the continued outflow of capital. despite the more realistic exchange rate, are fuelling speculation that the Government may be forced to devalue the peso to make the buying of dollars prohibitive. At the moment there is

free convertibility of foreign exchange and unhindered re-

patriation of profits.

Anatole Kaletsky in Washington looks at U.S. policy in the Middle East

Haig to boost talks on Palestinian autonomy

HAVING CUT his teeth on the abortive Falklands talks. Mr Alexander Haig, the U.S. Secretary of State, is now preparing to bite into a dispute so tough that it will make the Falklands crisis seem like a blancmange. Mr Haig is expected to make a major statement on the Middle East in Chicago today with the central aim of injecting new life into the talks between Israel and Egypt on Palestinian autonomy. These, he believes, still hold out the best, and probably the only, hope for creating last stability in this vitally important part of the

Mr Haig is expected to address himself to the Palestinian problem partly because the Reagan Administration has been accused of lacking a coherent policy on the Middle East and this is an omission it can no longer afford.

world.

There are at least three serious crises in the Middle East at present: the Iran-Iraq war, the precarious ceasefire on the Israeli-Lebanese border and the Palestinian unrest on the West Bank of the Jordan.

Administration seems to agree with most observers in Europe that the Arab-Israeli conflict is at the heart of the Middle East's most intractable problems. Mr Haig believes that the only key which could conceivably fasten this one fashioned in 1978 at Camp David by Egypt's then President, Anwar Sadat, Israel's Prime Minister Mr Menachem Begin and President Jimmy

recognition of Israel by Egypt, Sharon, the Israeli Defence withdrawal and negotiations on temporary autonomy for the Palestinians Gaza Strip. Establishment of autonomy would be followed,

Jordan regards the Camp David accords "in their original wording" as a partial basis for re-establishing the "middle ground" in the Mideast and defusing the IsraeliArab conflict, Crown Prince Hassan of Jordan said yesterday in Washington after meeting Mr Alexander Haig. He said there had been a real achievement for the

Israel's: withdrawal from the Sinat. The question for moderate Arab opinion was not whether to accept or reject Camp David but how to bulld on its achievements



Sadat, Carter and Begin at signing of peace treaty

agreement on sovereignty over mise as Israel's capital, the occupied territories. But this will be the

The Sinai handover, Mr Haig the U.S. Administration's probsaid on Sunday, was an event of major significance. "With that behind us, the time has Pandora's box of troubles is the come to turn to the other aspects of Camp David. I believe we are now ready to get moving (on the autonomy ques-

President Reagan is due to

Carter.

The Camp David accords month and Mr Haig has been covered three basic issues: meeting this week with Mr Ariel Minister. The first obstacle talks he held in Jerusalem, a

But this will be the least of lems in persuading not only Israel and Egypt, but eventually other Middle Eastern countries well, to take the autonomy talks seriously. Without some form of participation eventually by other countries, particularly Jordan, and now by representatives of the Palestinians, any agreement reached between Egypt and Israel "cannot make

He says, however, that there Egyptian territory, President Reagan will have to has been good progress on ting together the narrow. overcome will be Mr Begin's several substantive issues in insistence that some of the recent bilateral meetings, in which U.S. officials have talked likely that the picture revealed Eaghdad admits Khorramshahr city which the new Egyptian separately to Israel and Egypt by the Jigsaw would prove offen-President, Mr Hosni Mubarak, The U.S. approach has been to sive to one side or other, if not after five years, by permanent refuses even implicitly to recog- concentrate on specific, pract to both. For the fact is that

much sense," a senior State Department official concedes.

tical issues, avoiding generalisations which could raise controversial matters of principle.

This method has produced the powers of a self-governing Palestinian authority, the method of election to the authority, the composition and -a very important issue since for use within the pre-1967 boundaries of Israel.

. If the time comes to start fitpractical elements of an agreement, however, it is all too

stration believe that the funda-mental differences of principle which could undermine any chance of agreement remain as wide as ever before, if not

On the question of the West Bank and Gaza, the Israeli Government has given no real indication that it regards its control as strictly temporary. There is also the vexed question of how Palestinian autonomy

should be defined.

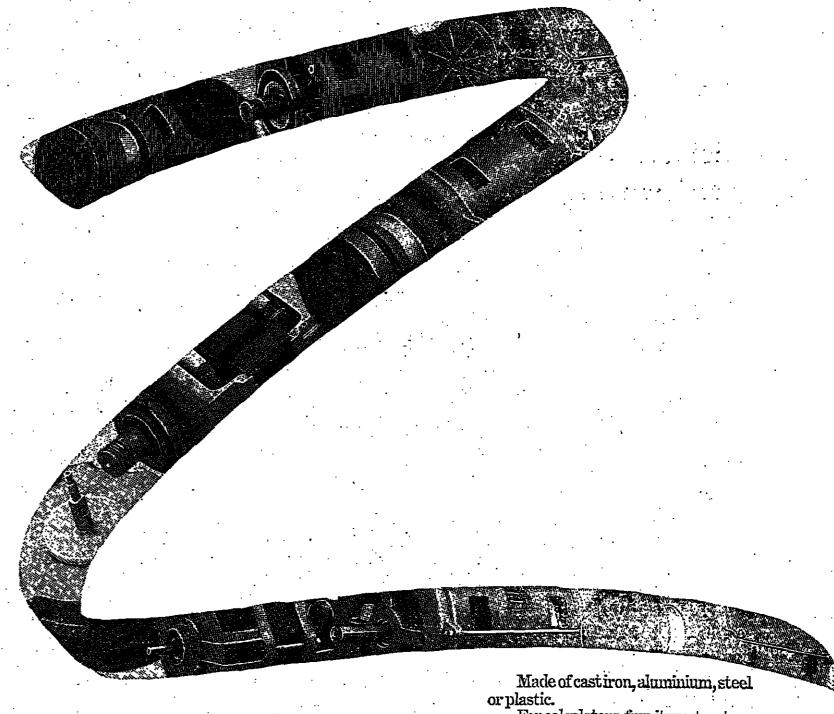
But even such esoteric controversies are child's play in comparison with the really intractable problem: Jerusalem. Jerusalem is so contentious that the Camp David accords specifically refrained from even mentioning the name. Even the moderate elements of Israeli and U.S. public opinion, which would urge compromise on other issues, support Israel's claim to the biblical city. By the same token, for many of the most important Moslem nations, including Saudi Arabia, the return of east Jerusalem is the first, and practically non-negotiable, requirement which any settlement of the West Bank problem would have to fulfil. Nobody has even begun to see

a way out of this conundrum but the U.S. Administration's hope is that this issue can somehow be shelved or finessed for some measure of agreement on: the time being, as it was at Camp David, if there is enough agreement on other points.

In the short run, this may be possible, particularly if President Reagan can persuade Mr control of security forces in the dent Reagan can persuade Mr occupied areas, and water rights Begin to make some conciliatory gestures. Egypt, which much of the water from the is trying hard to mend its occupied areas is now diverted fences with other Arab states, needs less persuading to try to make the talks work since this would prove that its commitment to Palestinian autonomy at Camp David was both sagacious and sincere.

loss; Page 6 Israelis down Syrian MiGs,

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parts of the service.

Moscow unlikely to offer arms aid

By Anthony Robinson in Moscow

THE SOVIET UNION is most unlikely to respond positively to any Argentine request for military equipment to help stave off military defeat over the Falkland Islands, and there is no evidence that any such request has been made, Western diplomats balieve.

from Buenos Aires that Argentina might be willing to accept Soviet military aid diplomats said: "There has been no hint that the Soviet Union is playing that game or intends to."

This reflects the general view in Moscow that the Soviet Union is content to reap political dividends from the crisis without entering into an involvement which could lead it into direct conflict with the U.S.

Thus far the Soviet Union has taken a strongly anti-British and anti-U.S. line over the Falkdands and coupled this with general expressions of support for Latin America, the Third World at large, and the Argentine people.

At no stage, however, has it endorsed the Galtieri regime and might indeed be embarrassed if the Right-wing military regime made an open request for Soviet arms.

There is also considerable scepticism among diplomats about the likelihood of Argentina even making such a request, which would imply a fundamental change in Argentine foreign policy and the need for a lengthy training period in Soviet military equipment.

It is also considered unlikely that Argentina would call upon the Soviet Union's main Latin American ally, Cuba, for mili-tary assistance, even within a wider framework of general Latin American solidarity with an Argentina in distress.

The Soviet news agency Tass, however, did report yesterday on Argentina's note of thanks to Cuba for its support in the dispute with Britain and also re-ported a warning by Sr Amadeo Frugoli, the Argentine Minister of Defence, that other countries might be drawn into hostilities and that the crisis might be

East bloc reacts

condemnation wnolesale Britain as the aggressor in the Falklands conflict. While the Soviet media stepped up its attacks after British forces landed on the Falklands, most East European countries have reported the conflict in a more balanced manner. East Germany has been un-

usually reticent in its reporting. The Government news agency ADN has issued a daily military report, first from London and then from Buenos Aires, which appears in that order the following day on the front page of the main Communist newspaper, Neues Deutschland. Unlike the Russians, the East

Germans did not even use the word "Malvinas" in paren-thesis after Falklands to conform with Argentina's claim. ADN, which normally echoes every Soviet attack on the West. has failed to do so with two recent attacks on Britain by Tass, the Soviet news agency and Pravda, the Soviet Party newspaper.

East Europeans in East Berlin believe East Germany's re-luctance to comment directly on the conflict shows it does not wish to be seen in the eyes of its citizens as a bedfellow of the Argentine military regime. The official Polish media have called the Falklands a left-over

of colonial rule and have noted that Argentina was justified in invading the islands. But the bulk of Polish media coverage is factual and without commen-Polish correspondents note that the authorities in Warsaw are immensely relieved that, for the time being, world attention is not focused on Poland. The Czechoslovak Communist

Party newspaper, Rude Pravo, has printed a reply to readers' queries about why the Socialist countries had failed to condemn Argentina's military dictator-

The newspaper said they were opposed to right-wing dictatorships, but one had to distinguish between a dictatorship within a country and the foreign policy of the Warsaw Pact countries.

Relatives' inquiries

The Ministry of Defence has released the following telephone numbers for use by relatives inquiring about casualties:

Navy: Plymouth 0752 (Plymouth) 666666, Chatham 0634 (Medway) 812771, Rosyth 0383 (Inverkeith) 412191, Faslane 0436 (Helensburgh) 71125, Portland 0305 (Portland) 821547, Portsmouth 0705 (Portsmouth) 755212. Royal Marines: Portsmouth

(Portsmouth) 756121, Plymouth 9752 (Plymouth)

RAF: 01 (London) 218 9000. Army: 01-409 7639, 01-409 7647, 01-409 7372. Hugh O'Shaughnessy describes the current mood of heart-searching in Buenos Aires

Argentine concern at closer Moscow links

THERE WAS much heart-searching in Buenos Aires on British victory becomes hourly Monday, when the government-less unthinkable, Argentine inclined newspaper, La Nacion, foreign policy is having to said the junta was ready to assume increasingly perilous receive military help from the contortions in order to try to

Hotel which houses the Foreign would never happen.
Ministry in tree-shaded Plaza The very fact San Martin, was quick to back sectors of government are sugup the story or even reinforce gesting a pact with Moscow is

Asked to comment on reports stand by in isolation, the argu- war that some senior junta by Nato and supported by New of the public.

> about the real possibility of a or military option than a conservative and bitterly anti-rapprochement with the Com-Communist country such as munist bloc in the Falklands Argentina getting arms from adventure.
>
> Moscow, replied: "We would For all t rather die with our boots on and our mouths open than take Moscow aid. "It would be totally against

our ideological principles, as you rightly infer." When he saw the front-page article in La Nacion, which he had not read earlier, he was clearly and genuinely astounded and did not speak for a few

stave off the disaster which the A spokesman at the Palacio Galtieri Government, from San Martin, the mock-Louis XVI April 22, has assured its public

The very fact that some Argentina certainly could not sion about the course of the ment went while her forces figures must be feeling and were beaten by British forces which is just beginning to backed by the U.S., cheered on trickle down to some members

The fact is that Argentina A senior naval officer, asked could have no other diplomatic For all the great verbal sup-

port for Argentina's cause in the Falklands that Sr Nicanor Costa Mendez, the Foreign Costa Mendez, the Foreign its own defences to drop. He Soviet aid, there are five or 10 Minister, has won from Latin was doubtless thinking of his ordinary soldiers or conserva-America, it is clear that no own country's border disputes tive church-going Catholics who Latin American country has the with Ecuador in the north and would rise up at the thought of military resources to turn the Chile in the south. war round for Argentina.

It is also increasingly clear

As British pressure increases Peru's generals have offered jungle and savannahs, but it is any military pact with the on the Argentine in the Falk- aid but this offer was effectively comparatively small and unused Cubans, who are regarded as



Gen. Galtierl: trying to stave off disaster

withdrawn at the weekend by For every super-nationalist President Belaunde Terry who in the Foreign Ministry and the said that Peru could not allow

that few Latin American countries would seriously think of in occasional skirmishes with christ. sending troops, even if asked. guerrillas in the tropical The same would be true for

ditions of the Falklands. Having said all this, it must

in time to make any difference importance." to the present round of fighting Indeed, all the noises coming out of Moscow currently, indi-

military aid. The contortions of Argentine foreign policy begin in Buenos handed policy Aires, for it is clear that for An over-va many Argentines, officers and civilians alike, any military rapprochement with the Kremlin would be totally unaccept-

armed forces willing to accep Soviet aid, there are five or 10 with Ecuador in the north and
Chile in the south.

Venezuela, 'Argentina's other
vociferous supporter, has an always claimed to be, making

to fighting in the Autarctic con- the anti-Christ of the Western Hemisphere.

The Foreign Ministry appears be emphasised that there is still to have made several gross no clear sign that the Soviet political miscalculations which Union would be prepared to are now costing the country give the junta any more mili- dear. The naval officer put it tary help than satellite intellimost plainly when he said: "We gence reports or that any have four enemies facing us-more concrete aid, if it were Nato, the EEC, the U.S. and eventually offered, would arrive Britain, in descending order of

Argentina has harboured unrealistically optimistic hopes that Washington would, out of cate an extreme reluctance on a sense of hemispheric the part of the Soviets to give solidarity, side with Euenos Aires in the Falklands dispute, or at worst maintain an even

An over-valuation of the strategic importance to the West of the South Atlantic and the Falklands themselves, prompted perhaps by a series of visits to Buenos Aires by U.S. naval officers eager to push the idea of a South Atlantic pact, has led to bitter disappointment
Argentina's cup of bitterness

came close to overflowing on

Monday with the decision of the majority of the EEC to continue economic sanctions Much of Argentina's longrange economic planning has been based on the explicit argument that European industry and business were eager to set up in Argentina.



Argentine troops on helicopter patrol—an official picture

Latin America starts to consider the consequences

BY ANDREW WHITLEY

THE FALKLANDS crisis, notably because of the speed with
which it developed, its intensity
and, above all, its unexpectedably because of the speed with
brazil, Chile and Venezuela, to long-standing regional friendeven if no direct parallels can ships during the Carter era.
be drawn. "It made us realise Unresolved border disputes for having flaunted the peaceful ably because of the speed with which it developed, its intensity and, above all, its unexpectedness, has clearly had a profound meast on the two Governments while the while the while the official said. fighting continues and the final outcome remains in doubt. London and Buenos Aires will wish to postpone any serious examination of the long-term consequences.

The same cannot be said of Caracas people are picking over the implications of this conflict, in which principles of self-determination are set against U.S. diplomats are wringing those of national sovereignty, a their hands over the "catathose of national sovereignty, a former colonial power fights an early product of the liberation conflict on their Latin American struggle and the North-South relations.

"The Haig shuttle mission dispute takes on a "The Haig shuttle mission one unhappy military character.

The ease with which economic diplomat commented, examinsarctions were applied against ing the ruins of the Reagan Argentina worries other deeply- Administration's attempts to

American treaty of mutual assistance, otherwise known as the Rio treaty, to provide more than moral support for Argentina is also apparent. The pact, a U.S.-inspired precursor of its the rest of South America. better-known counterparts such Everywhere from Santiago to as the North Atlantic Treaty Organisation, is unlikely to survive,

was a disaster," one unhappy

Unresolved border disputes abound in South America. Venezuela's claim to over half

of Guyana, Colombia's dispute with Venezuela, Peru's with Ecuador, and Chile's with Argentina over the Beagle Channel could all be inflamed once again. If Argentina is seen to succeed in its trial of arms with Britain over the Falklands, there are widespread fears that others will take the cue.

years is that it has, one by one, peacefully resolved virtually all its own border disputes. "We even gave up our claim to part of Guyana," a Brazilian diplo-mat pointed out in reference to the Venezuelan claim. The only remaining, minor problem, with Paraguay, will be settled

resolution of disputes principle so blatantly. "What makes it worse is that they can't voice their feelings openly," a Western ambassador said, "because they don't want to destroy

comfortably with its image abroad as "an economic giant but political dwarf." as West Germany used to be labelled.

by the Falklands crisis when

Brazil found itself caught off guard and unable to influence the drift towards all-out conflict.
"This crisis can put in motion

South American nations used to spending only a small proportion of Government funds on arms, the one certainty is that Brazil and Argentina should defence spending will soar. have the atomic bomb. Sr Leonel Brazil only spends \$12.50 a year. Brizola, a long-time Brazilian per capita, on defence at the nationalist politician, has almoment compared with the Pentagon's \$800 a year.

played a part in this decision. General Dello Jardim de Mattos, the Brazilian Aviation Minister. spoke earlier this months of U.S. The drawbacks of this passive "treachery." In consequence role in world and regional affairs Brazil's generals are publicly ARGENTINA yesterday marked have been made all too apparent stressing the need for greater the 172nd anniversary of its self-reliance.

Admiral Maximiano Fonseca, the navy chief, has called for a doubling of current naval spending in a \$15bn programme over the next 10 years. British and West German programmes to help modernise the Brazilian navy are certain to benefit.

Most worrying of all for the ready called for Brazil to press

Revolution celebration is subdued

"May Revolution"—in 1810 Argentins declared their independence from Imperial Spain after local forces had managed to beat off two attempts at occupation by British troops.

Just a few weeks ago, the occasion would have been a joyous affair, but yesterday's "celebration" was subdued. proponents of arms control is The Junta announced a public the impetus the Falklands crisis hollday but the only official has given to those who say function of any note was a solemn Te Deum in the Metropolitan Cathedral.

A crowd of not more than a few hundred turned up with their flags and stockers, clapped warmly, and shouted "Argentina, Argentina" as President Galtieri and the two other members of the Junta attended the service in May Square.

The crowd was generally less numerous and less excitable than previous rallies, although generally, it looked less solemn than the line of VIPs that preleaders. Guests included the entire Cabinet, the U.S. Ambas-Guests included the sador, and the robed patriarchs of the local Orthodox church.

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It should have been a day to celebrate victory, but the curt warning statement from the joint Chiefs of Staff was notable as much for what it said as for what it left unsaid

The communique admitted that some 2,000 British troops had managed to establish a firm beachhead near San Carlos Bay and that the Task Force was managing to get through supplies and reinforcements.

It did not say that the Argen tines had launched a successful counter-offensive or that they had the situation under control or, as occurred in 1807. that the British troops had been swept back into the water.

With all this being communicated officially, the goings-on in the Plaza had an even more unreal quality about them than had chosen the wrong day. Old ladies handed out leaflets with the words "Malvinas recovered: look up, Argentina, the hours of humiliation are over. Signed: The National Organisation of Argentine Reservists.*

A more humorous touch was offered by a flag-seller who found no buyers for his flags but was instead distributing cartoon post-cards like hot cakes: one showed a naked Mrs Thatcher riding towards the Falklands on a broomstick.

Out of the loudspeakers The Sea Kings have their own anti-submarine warfare detec- stationed strategically round tion devices, and their own the Plaza boomed the fire-andtorpedoes. When the record brimstone sermon of the books come to be written, it is Cathedral Chaplain, Mgr Raul likely that the pilots of the Sea Omar Rosi. "A small portion King force will be seen to have of the world is scandalised," he flown more in the past few was telling his emment congre-weeks than they normally do in gation, "and has put sanctions on us for having dared to recover, at the price of our as gun-ships, to assist assault own blood, something which forces as they move ashore, and was ours, is ours and always will be ours, and which has to

They are now proving their Around the capital, life was worth over the beachhead at like a Sunday—banks, schools, Around the capital, life was government offices and most shops remained firmly closed. Beneath the crisp autumn sun, holidayers gathered on park benches, some of them noting that names, if nothing else, had changed on the anniversary.

Plaza Britannia site of the Fuerza Aerea Argentina, as. said yesterday that Commander ordered by municipal decree.

Argentina has formally re Astiz is refusing to answer ques. The decree states that the main

with caution Aluminium a potential EAST EUROPEAN Governments appear reluctant to fol- hazard in warships

BY ANDREW FISHER, SHIPPING CORRESPONDENT THE OPPOSITION of official

naval designers to use of aluminium in UK warships has been strongly reinforced by the loss of two Type-21 frigates in the Falklands conflict.

Since the last of these Amazon class vessels was commissioned in 1978, naval ships have not used aluminium for superstructures because of its low melting-point. The Type-21s were designated by private shipyards. "Our policy is not to use

aluminium for structural pur-poses." a Ministry of Defence official said. But even with a steel superstructure, he said, HMS Ardent and HMS Antelope would have been put out of

Eight Amazon class frigates were built—three by Vosper Thorneycroft and five by Yarrow, both now part of nation-alised British Shipbuilders. The incident in harbour a few years Type-22 successor ships have ery little aluminium. Naval designers at the MoD

establishment in Bath were not in favour of putting light aluminium tops on the Type-21 frigates. Its use was dictated by the way in which its lightness allowed more weapons to be

The other six Type-21s are the Amazon itself, the Active, Ambuscade, Arrow, Alacrity and Avenger. They were the first custom-built, gas-turbine frigates and the first UK warships designed by commercial companies for many years,

But aluminium is not the only potential hazard of modern warship construction. The use of gas turbines and special fuels, extensive electrical networks, and wide corridors for machinery access can also cause

problems. flashpoint than that previously used and spillages can be more dangerous. The corridors— built wide for machinery replacement in order to save on repair time-can cause fires

As part of the defence cuts, the government plans to close HMS Phoenix, the shore-based damage-control school at Portsmouth, and give sailors the same training at sea. Some outside experts feel the MoD

raged through the two frigates and HMS Sheffield, a destroyer with far less aluminium, shows the importance of fire-fighting training and techniques to the companies for many years, Navy, especially as many according to Jane's Fighting modern materials such as

S. Africa denies supply of spare parts to junta

THE South African Government has belatedly denied that it is the soudce of any missiles or Mirage military aircraft spare parts supplied to Argentina.

Minister of Defence, in a special statement in Parliament late on Monday, said that he would breach the Government's normal policy of not revealing details of arms shipments because South Africa was being drawn into the conflict as a result of

This is considered to be as firm a denial as could be

The new fuel has a lower to spread more rapidly.

The MoD does not accept that wider gangways are a hazard, however, pointing out that they can make fire-fighting easier. But it does agree with the arguments on fuel.

Aluminium's melting point of 660 deg. C—much lower than steel-has been shown to be a ago, the aluminium ladders melted, and made fire-fighting more difficult.

might reconsider this.

The ferocity with which fires

General Magnus Malan,

Press reports. "South Africa has not supplied or sold Argentina any missiles or any Mirage spare parts before or since the Falklands dispute." he said. He later added that no such supplies could have been passed to Argentina via inter-

possible following a day when the Government repeatedly tried to refuse comment on the original report in the Johanesburg newspaper, The

It is known that South Africa has been one of the targets of recent British diplomacy seeking to ensure that Argentina's possible sources of armaments are blocked. The Pretoria Government,

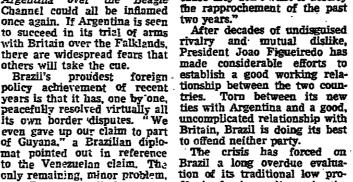
which has never forgiven

Britain for joining the inter-

national arms embargo against

South Africa, appears to have

been reluctant to comply without conditions. The Press report-and The Star yesterday indicated its source to have been "diplo-matic leaks"—has had the effect of forcing the South African Government to make this public and categorical



file in foreign policy. As the world's eighth largest economic

a whole chain of events," President Figueiredo told the visiting West German President, Herr Karl Carstens, a few days after Argentina invaded. For Brazil and many other

ahead with the development of later this year when the disputed area is flooded under the power, Brazil has until now lived liability at times of crisis has possible.

Last moments of the Antelope: The death of the frigate as men on other ships saw it when an attempt to defuse an unexploded bomb in the engine room ended in failure. Antelope was the third British warship sank in the campaign. Six other vessels have

Sea Kings vital role in defence of fleet

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

MUCH port and communications in the Falklands combat zone is falling on the helicopters of the Task

The number have not been disclosed, but it is believed that the Task Force now has between 50 and 100 helicopters of varying kinds—the big Sea King anti-submarine warfare aircraft, the Lynx antisubmarine aircraft mounted on the frigates and destroyers, Wesser assault helicopters with the assault ships Fearless and Intrepid, and tiny Gazelles for communications duties.

Many of these aircraft are "doubling up" for various defending the Task Force at duties. Sea Kings which are not sea against the small number

Argentines

'half-starved'

face of the British assault.

PORT SAN CARLOS-Argen-

OF the day-to-day immediately employed in deburden of air defence cover, fending the QE-2, Camberra, anti-submarine warfare, trans- Invincible and Hermes against submarines are being used for

> The Ministry of Defence has admitted the loss of seven large helicopters and two small ones. The losses include five Sea Kings and two Wessex. The greatest loss of

transport of supplies and troops to the bridgehead. Wessex and Lynx helicopters are being used gun-ships, as are the

transferring from ship to ship in bad weather in advance of the main assault on the Falk-lands on May 21. Nine men were rescued but 21 were lost. Task Force could not do its

of conventionally powered but

potent Argentine submarines.
Without absolute security

against submarine attack, the

life occurred when a Sea King

carrying 30 men crashed while

must keep up their role night It is the Sea Kings, however, and day. which have the main task of Pilots of the Sea King squadrons are flying as much as 12

The use of Wessex helicopters work—anti-submarine warfare is as vital as anti-aircraft defence-and the Sea Kings

to help them consolidate afterwards, has long been part of the be defended." amphibious forces' training. hours a day, in weather they Port San Carlos.

The Foreign Office in London

a full year at home.

could never have expected to

encounter-50-60 ft waves and

100 knot wind gusts, as the

bitter Antarctic winter draws

Astiz transferred to Britain BY ANDREW WHITLEY

tine soldiers who defended this settlement until British forces stormed ashore last Friday were courteous to the local families, interrogate about the suspected but were half-starved, the islanders said, yesterday, murder of their nationals, is on his way to Britain from Ascen-They said they used to give sion Island. the Argentines soup or bread before the soldiers fled in the He is being brought to Britain

ALFREDO ASTIZ, the Argent Brazilian embassy that he be Swedish girl in 1977 and the miniature Rig. Ben clock tower tine lieutenant-commander who sent home. All the other 183 disappearance of two French donated to Argentina by the Sweden and France want to Argentines captured on South nuns at about the same time. British in 1914, was now Plaza Georgia on April 25 have been repairiated.

jected requests from Britain, on tions on the grounds that he change was in honour of the behalf of Sweden and France, should be treated as any other brilliant actions of the Argenthat Commander Astiz be questioner of war under the terms tine Air Force in its defence of thought over the death of a of the Geneva Convention mational soverelgate." in defiance of Argentina's request channelled through the

مدرا مسالصل

DATSUN PRESENT ENEWNISSAN SUNNY

52.3mpg

The new Sunny is here - totally redesigned with new 1.3 and 1.5 litre, lightweight transverse engines, front wheel drive, fully independent suspension, rack and pinion steering, greatly increased interior and luggage space and even higher standards of luxury. It offers remarkable fuel consumption figures, which are the best in its class, and is priced extremely competitively to maintain Datsun's reputation for value for money.

Transversely mounted, 1.3 or 1.5 litre frontwheel drive engine.

The new Sunny features the outstanding new Datsun overhead camshaft engine, a very compact, lightweight unit, some 45 lbs lighter than its predecessor but giving MORE power and MUCH MORE economy! This new engine gives better acceleration at low and medium speeds, more pulling power and up to a 30% improvement in fuel economy! And, because the engine is now transversely mounted, driving the front wheels, it provides for far more room inside the car.



Fully independent suspension.

The new Sunny's fully independent suspension has been designed and developed to complement the change to front-wheel drive and employs all Nissan's rally-winning expertise-seven times winners of the East African Safari Rally! Struts and coil springs all round combine with a new dual shock

absorbing system to give the smooth quiet ride of a large executive saloon, at the same time setting new standards of roadholding for this class of car.

Better fuel economy than ever before.

NEW SUNNY 1.5DX 4-door £4136-

Renault 971.1.4 4-door 14649

Ford Escort 1.31.5-door 5 spd f4891-

Volvo 343DL 1.4 3-door f.4641- 42.2mpg VW Jetta C.1.3 4-door 14550-40.9mpg

The Sunny is rightly renowned for exceptional fuel economy. Now the new Sunny quite literally goes even further; its efficient new engine and smooth wind cheating shape combining to give the 1.5 4-door saloon the best fuel consumption figures in its class-58.9mpg at 56mph.

Overdrive gearbox for relaxed economical cruising.

The new Sunny offers as standard on all manual transmission models, a newly developed overdrive

gearbox for maximum performance and fuel economy. A 4-speed gearbox is fitted to the 2-door saloon-5-speed transmission comes as standard on the 4-door saloons, coupé and estates.

Sophisticated styling to beat Europe's best.

The new Sunny's styling produces a drag coefficient of just 0.4-one of the lowest in its

class. A lowered waistline and considerably increased glass area give a full 306° of all round visibility for better, safer driving. Exterior fittings and mouldings are styled to the same high standards, contributing to an exceptional elegance of line throughout the four attractive body options-2 and 4-door saloons, a 3-door coupé and 5-door estate models.

Greatly increased interior space.

52.3mpg The new Sunny's transversely mounted engine allows for more effective use of the car's interior space—the passenger compartment is now a full 61/2"longer than the previous Sunny. A new streamlined dashboard design and improved, redesigned seating contribute to a much more spacious interior, providing extra comfort for all the family.



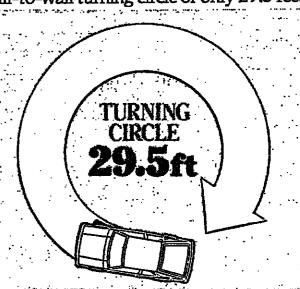
Split rear seats on the estates fold down individually to give extra luggage space, and wider and longer door openings on all models make entry and exit much easier. As a further bonus, the new Sunny saloon's boot space has also been substantially increased to a family sized 11.3 cubic feet.

Improvements in all other important areas.

There are many more technical innovations and refinements built into the new Sunny including newly designed front disc brakes, light, responsive rack and pinion steering, a complete panel and underbody anti-corrosion course, plastic wheel arch

12

liners all round, redesigned door sealing and improved engine insulation for reduced wind and road noise, a new fast-flow heating and ventilation system and a special steering coupling which allows an exceptionally small wall-to-wall turning circle of only 29.5 feet.



Luxury equipment built-in as standard.

The new Sunny models feature:

- interior boot/tailgate release
- wrap around moulded
- push-button MW/LW radio
- quartz clock
- 2-speed wipers with intermittent wipe and wash
- lockable fuel filler lid maintenance free battery
- protective body side mouldings
- · reclining front seats
- adjustable front head restraints
- cloth uphoistery
- fitted carpets
- heated rear window
- electric washers
- 3-speed heaterfan
- side window demisters
- adjustable central air vents adjustable face level air vents
- cigar lighter reversing lights

centre console incorporating oddments and coin trays

- hazard warning lights anti-dazzle interior mirror
- trip meter
- side indicator repeaters warning lights for:
- battery charge; handbrake on/low brake fluid level; oil pressure; rear fog lamps; heated rear window;
- and much more. GL MODELS ALSO HAVE:
- remote control rear window
- interior fuel lid release
- rev counter deep pile carpets
- pocketed armrests rearwash-wipe
- remote control door

The new Sunny further enhances Datsun's reputation for unbeatable value for money with prices starting from just £3866 for the new Sunny 1.3 DX 2-door saloon.

See the new Nissan Sunny at your nearest Datsun dealer now. One of the world's best selling cars has become even better.



Sunny 1.3 4-door Saloon DX 5-speed £3984.

Sunny 1.54-door DX5-speed £4136. Sunny 1.5 4-door DX automatic £4429,

Sunny 1.5 GL5-speed coupe £4566. Sunny 1.5 DX Estate 5-speed £4536.

Sunny 1.5 GL Estate 5-speed £4696.

Sunny 1.5 Estate GLautomatic £4998.

Government fuel consumption tests: MPG (litres per 100 km) Datsun Sunny 1.5 4-door DX Saloon. Constant 56 mph (90 km/h) 58.9 (4.8) Constant 75 mph (120 km/h) 42.8 (6.5) Town driving cycle 36.7 (7.7).

MISSAN | DATSUN DATSUN UK LIMITED, DATSUN HOUSE, NEW ROAD, WORTHING, SUSSEX, TEL: WORTHING (0903) 62551.

its forces had evacuated the city's encirclement, these re-Iranian port of Khorramshahr, maining Iraqi troops must prejust two days after the Iranians sumably be cut off from their launched a direct attack on the own border, unless they were

An Iraqi military spokesman announced that the withdrawal The Iraqis put a brave face to the international border on their withdrawal, announcseven miles north-west of Khor- ing that their main purpose in ramshahr began on Sunday, as crossing the border in the first did the Iranian attack, and was completed early yesterday.

Baghdad thus confirmed what damage on Iran to prevent it Tehran already knew from tele-carrying out hostile designs on vision film screened the pre- Iraq. This aim had been vious evening-that the biggest achieved, the military statement prize seized by the Iraqis at the said. outset of the Gulf war had been regained by Iranian forces after and the capture of thousands of an occupation lasting 18 months. Iraqi troops can only be seen

brate the successful conclusion of heavy fighting and high Iran's south-west oil province, under attack is therefore a

The assumption is that the well as a strategic disaster.

Iraqis have pulled out of the The Iranians, with their longfused when the Iraqis later southern oil-bearing region and announced that their forces its major port Rasso in the Iraqis later southern oil-bearing region and announced that their forces its major port Rasso in the Iraqis later its major port Iraqis later its counter-attacked the Iranians early yesterday, killing 2.700.
Since the Iranian forces

IRAQ yesterday admitted that west, having completed the staging a fighting withdrawal at.

> place was to inflict the maximum possible casualties and

as a disastrous collabse by the agency reported that hundreds Iraqi army, involving a humiliaof thousands of people thronged tion it will not forget quickly. of the offensive launched on casualties to take Khorramshahr April 30 to drive the Iraqis out in the first place. Its fall to the of all the ground they held in Iranians after less than two days massive psychological blow as

> they restrain themselves from crossing that frontier.

Gulf states wait anxiously for Tehran's next move

cern, however, that Iran, despite recent pledges not to Gulf officials expressed conallow its troops to cross into Iraqi territory, might yet decide to push on towards Basra, near the border with Kuwait.

Co-operation Council states- within Iranian territory before United Arab Emirates, Bahrain, end to the war.

the time.

But the fall of Khorramshahr It took the Iragis a month

THE GULF states will wait for Qatar and Oman—will meet on Iran to signal how it intends May 30 in the Saudi capital, to follow up the recapture of Riyadh, to discuss recent events Khorramshahr from Iraq before on the Iran-Iraq battlefield. deciding how to react to Diplomats point out that Tehran's apparent victory in the Radio Tehran has escalated its war, senior Kuwaiti officials propaganda assault on the Gulf indicated yesterday. recent days Radio Tehran itself up to retaliation, if it continued financial support to

Iraq.
Some Kuwaiti officials expect he border with Kuwait.

Iran to try to wipe out remainForeign Ministers of the Gulf ing pockets of Iraqi resistance Arabia, Kuwait, the laying down conditions for an

Israelis down 2 Syrian MiGs

ISRAEL'S aircraft shot down two Syrian MiG fighters over Beirut vesterday, after the Syrians intercepted them on a reconnaissance over the Lebanon.

The Voice of Lebanon radio station reported that the battle began when Israeli aircraft were flying over the Syrian missile batteries in the Bekaa Valley, in eastern Lebanon. month ago, Israeli aircraft

shot down two Syrian MiGs over the Lebanon when they tried to stop Ierael air strikes against Palestinian camps. The shooting down of two more

planes yesterday brings to 19 the number of Syrian aircraft destroyed by Israel since the 1974 separation of forces agreement which followed the 1973 Arab-Israel war. An army official in Tel Aviv

said yesterday that the Israeli aircraft had returned safely to base. Less than two weeks ago, tension rose in the region when Israel openly moved military reinforcements to the Lebanese border and placed the regular

At the time, there were indications that Israel was planning to invade the Lebanon, to try to destroy the Palestinian forces there. The alert was stepped down

last week, after intensive U.S. pressure, but on Sunday, Gen Rafael Eitan, Chief of Staff, said he was "not sure" if the tension in the north had eased. Nora Boustany adds from Beirut: The air battle coincided with reports that President Elias Sarkis of the Lebanon was planning a visit to the United Nations in New York.

Namibian budget

THE NAMIBIAN (South West African) budget, tabled in Windhoek yesterday, shows that the territory's adminis-tration is increasingly dependeut on South Africa for finance, J. D. F. Jones reports

from Johannesburg.

Mr Dirk Mudge, chairman
of the Ministers' Council. disclosed that state income this financial year would be an estimated R660m—R54m less than 1981-82. Total state expenditure for 1982 - 83 would be R870m.

South Africa's financial contribution for 1982-83 would be R200m and R250m would come from the Southern African customs pool. HONG KONG SOFT DRINKS MARKET

Clash of the tin can Titans

BY ROBERT COTTRELL IN HONG KONG

Coca-Cola and Pepsi-Cola are a veteran of the drinks trade, political broadcasts, since it one of the great mysteries of Mr Michael Morris, drafted in comprises taking out advertising life—some would say on a par from Pepsi Singapore as general with the purpose of Stonehenge and the joke which Mona Lisa heard shortly before she was painted. Yet, like a pair of Japanese Sumo wrestlers, the two brands lurch and tumble against one another in markets around the world in the struggle

Hong Kong is the latest venue for what Pepsi has styled "the battle of the giants." For Pepsi, it is not so much a case of "comin' alive" in Hong Kong as reincarnation. Its former franchisee. Amoy Canning, was taken over two years ago by new owners who decided not to hang on to the product. All to the good for Coca-Cola's local franchisee, Swire Bottlers, part of the Swire Pacific group—but Pepsi had not dropped out of the running.

for soft-drink supremacy while

laying the foundations of count-

less dentists' fortunes along the

In July last year, Pepsi began construction of a new bottling plant over the border in the Shenzhen Special Economic Zone, where China provides an attractive fiscal climate for companies to supply the Hong Kong market from a lower-cost base. Local Hong Kong backers were also found to establish a new distributor, Ardara, which nique known as "roadblocking"

THE RELATIVE merits of came together last August with -similar to Britain's party space on all television channels

In February, the Shenzhen came into operation. had sunk U.S.\$5.5m (£3m) into its share of the project, a joint venture with a unit of the Chinese Light Industry group. One-fifth of production was to be sold in Shenzhen, the balance to come over the border to knock the fizz out of

jargonised corporate strategy which strives to leave nothing to chance. Its annual reports speak of "total snack programs" and "in-store traffic," leaving the impression that the most important ingredient in what you may be eating or drinking is somebody else's pocket is somebody else's pocket calculator. For Hong Kong, something really special was planed by way of what Pepsi would no doubt have called enhancing product exposure and creating consumer aware-

Pepsi was, in short, to be poured down Hong Kong's throat as much metaphorically as literally. A multi-million dollar advertising and marketing campaign was launched, including a television advertising tech-

foreign investment has been

A notable feature of the

sectors, excluding diamonds.

four in Hong Kong-simul-

Over 90 per cent of all Hong Kong residents," said Mr David A. Sherrington, vice-president of Pensi-Cola International. will see the television advertisement three times during the first week of the launch alone." For good measure Pepsi also rented 100 lightbox displays at stations on Hong Kong's MTR metro system, which handles over im passengers each day.

blitz, Mr Jim Browne, Swire Bottlers director and general manager, is unmoved. "I'm not losing any sleep over it," he says, adding that Pepsi has two locally popular cola brands to overtake before it can think about dislodging Coke from the top spot Mr Morris, for Pepsi, is. in turn, a model of quiet determination. The aim, he says, is "market leadership over time, We're being aggres-sive and realistic. We don't necessarily expect it in the next

Mr Morris's distribution fleet comprises some 30 trucks and 150 employees, and indications are good enough for him to look forward to expansion, he says.
On Coca-Cola's behalf Mr



Downtown Hong, Kong . . . the tin-can Titans battle for a HK\$320m market.

(£19m+) being spent at Swire's the Cola market. then will be the smaller of its two bases.

The Cola men may be bullish in the market place, but they are almost pathologically discreet about the mechanics of their trade. Secret syrup formulae are traditionally known to two or three men who travel on separate aeroplanes and never on helicopters, while closely guarded as Swiss bank account numbers

Pepsi's Mr Morris says his

Browne points to the HK\$200m simply as a majority share of What both sides do agree on is the rough size of the Hong Kong soft drinks market. It stood last year at just under 200m litres, of which roughly half was the Cola segment. That, in turn, translates as roughly three bottles of soft dainks per

person per week, The supermarket retail value of Hong Kong's cola market is then perhaps HK\$400m. Allowing a retail mark-up of 25 per cent, it is for a lion's share of a HK\$320m - and growing market that the Titans of the tin sales push is on target, while can are battling. The test will declining to say what that come in August when as much target is, or even whether as 15 per cent of the year's sales "market leadership" translates are seen in a good summer.

ISRAEL'S ELECTRONICS INDUSTRY

'Brain power' key to exports success

Israel's electronics industry notched up a remarkable 16.per cent growth in output last year, more than double the overall increase in industrial production of 7 per cent. Adding to the country's pride in this achievement is the fact that between 85 and 90 per cent of the exports of the Israeli elecronics industry are based on locally developed know-how, imported expertise which is the traditional pattern

in most small nations. The past 15 years has seen the Israeli eelctronics industry develop from a supplier of military equipment to the armed forces into a sophisticated and diversified branch of the conomy which exports half of

General Telephone and Elec-tronics Inc of Stamford, Con-

tronics, are wholly owned by overseas investors. conomy which exports half of Ironically, the turning point made up of communications soutput.

for the Israeli electronics in items, with the remainder being Capitalising on "Jewish brain dustry was 1967 when the items developed for medical.

Vishay Israel and MG Elec-

LAGELY by exports, power," often described as the French embargoed military supcountry's only natural plies. This led the Israeli Gov-resource, state local and ernment to try to develop the domestic arms industry so as able to create an industrial to lessen dependence on foreign winner whose exports now com-suppliers, and reduce the danger prise 7 per cent of all industrial from possible future arms embargoe

The original impulse meant industry is the high level of that the primary emphasis was foreign investment. The on military equipment. How-country's largest electronics ever, as the needs of the Israeli company and the second largest armed forces became satisfied, industrial enterprise in Israel, many of the companies which Tadiran, is partly owned by had sprung up found that they had to diversify or perish.

During the past five years the necticut. A number of others, product range has been diversi-among them Motorola Israel, fied so that today only 70 per dustry is of a military character. Another 10 to 15 per cent is

agricultural, and industrial uses. The industry is highly concentrated. Just over 40 factories, about 15 per cent of all units, workforce and yield some 80 per cent of its output. But it is in the military sector

that the broadest range of specialised equipment is produced. From electronic fences to keep out intruders, to highly sophisticated avionics advanced aircraft like the F-15, the Israeli electronics industry has exceeded all original expectations in its ability to meet the precise demands of modern technology.

Export earnings by the electronics industry have grown from under \$100m (£55.5m) in 1975 to over \$300m last year. half of the average \$600m

'China raises \$8.78bn abroad in 1981

HONG KONG - China raised and drew down \$8.78hn in foreign funds in 1981, the Hong Kong based China economic news reported yesterday.

. The weekly journal quoting official figures, said the amount comprised \$2.46bn in medium and low interest government credits, \$1.55bn in buyers' credits between the Bank of China and the U.S. Export-Import Bank short-term medhum credits

In addition, \$2.08bn in direct investment under joint venture projects with foreign companies. \$1.01bn drawn down by the China International Trust and Investment Corporation in loans from foreign countries and \$1.69bn in foreign invest-

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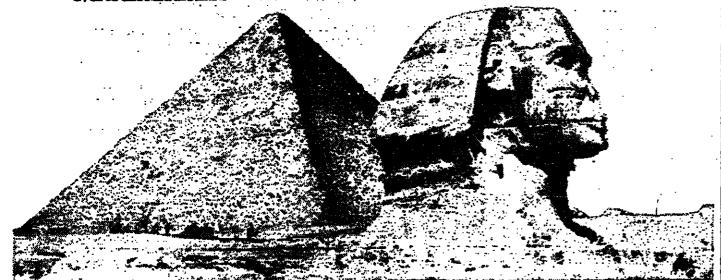
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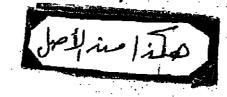
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as a major grain producer, it has

another round of sanctions is

likely "to result in a further

reduction in the relative level of

East-West trade "-for several

The Soviet Union and East

European countries will avoid

dependence on U.S. suppliers.

U.S. companies will think twice

about investing effort in Com-

econ markets when there is a

risk of export controls. And West European contractors will

tend to avoid reliance on U.S.

plant or technology for fear

that re-export controls will be

has already started. The rela-tive success of the Soviet Union

in finding alternative sources of

grain following the U.S. grain embargo imposed after the in-

vasion of Afghanistan is one

reason why a current of opinion

is developing the U.S. against

the use of economic measures

To some extent this process

BY COLINA MACDOUGALL

A CHINESE economic delega-tion offering important potential to 10m tons annually — includfor British and other EEC ing an exportable surplus of 2m investment will visit Britain tons. inder the sponsorship of the Electrification of the Guiyang-British Longwall Mining Zhanjiang railway — to handle Association for about two weeks

at the end of June. The group, from the China South-west Energy Resources United Development Corporation (CSERUDC) is touring this stage is estimated at about Europe to seek co-operation in developing coal mines. rail links, power plant and port tacilities in four provinces of south-west China. These are of technology exists in the four

discussion in China for many months, and unlike the abortive projects proposed by China in their interest.

1978-79, shows signs of realistic deliheration. The main object of the current trip is to examine the end of the end o possible sources of financing such as export credit, compensa-tion trade and joint ventures.

The CSERUDC, unlike bodies which foreigners have previously negotiated with in China, spans four provinces and 2 range of industries. This is expected to make it more powerful and effective.

Stage 1 of the project, centred on the Laupanshui coal mines in Guizhou province, is designed to \$5bn.

4m tons of coal yearly - and the improvement of Zhanjiang's port facilities to take more 35,000 ton ships, is included.

Guangdong, Guangxi, Yunnan of technology exists in the four and Guizhou.

of technology exists in the four sectors. Britain, however, has The project has been under entered the fray at a late stage iscussion in China for many as the Chinese had assumed UK companies had recently cooled

> Stage II of the project, scheduled to run from 1986 to the end of the century, will involve development of coal mines and other resources such as copper, phosphates and tin. In addition, it will include four new power plants, a rail link from Guiyang to Nanning and a new port facility to handle bulk export of coal.

> The amount of foreign invest-ment required for Stage II is estimated by the Chinese at

Danes to assist with heating scheme

By Hilary Barnes in Copenhagen A DANISH group has signed a preliminary agreement with the city of Tientsin, China, to assist with the introduction of geothermal-based district heating system.

It is expected that an agreement will be signed in the autumn during a visit to China Mr Poul Nielson, the Danish Energy Minister.

The city has a population of about 8m, but it is not clear so far how big the project will be. It could be limited to a pilot scheme, but it could cost \$500 (£277m).

The Danish Board of District Heating will supply pro-ject planning know-how and equipment to enable the Chinese to set up their own equipment manufacturing operations, said Mr Barry Chance, vice-president of the Danish Association The Danes are also expect-

ing to win substantial contracts in connection with a \$300m district heating project in Seoul, South Korea, where several Danish companies have already entered into joint venture deals with major Korean com-

Rift between EEC and U.S. may widen

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

with trading interests in the Soviet Union and Eastern Europe will probably have to contend with an unstable environment for the next few years. And fundamental policy differences between the EEC and the U.S. over the wisdom of trade with the East could spill over into other areas, increasing existing transatlantic tento some extent a captive market.

Mr Woolcock thinks that

The immediate issue is the response to the imposition, last December, of martial law in Poland. This prompted the U.S. to announce a hastily-wrapped package of unilateral sanctions which, subsequent events showed, it had no clear idea of how to execute in the face of West European reservations,

According to a study by Mr Stephen Woolcock, published today, "short of a return to the path of liberal reform, the events in Poland are likely to lead to a more restrictive approach to East-West trade in If liberal reform in the Com-munist countries is suppressed.

what remains of the political rationale for the trade is undermined. Mr Woolcock suggests. Further, the U.S. itself has never been heavily engaged in East-West trade.

One reason for this light engagement is of course the fact

for political means. Further, the Soviet authorithat, apart from the years of detente during the late 1960s and early 1970s, U.S. companies have tended to shy away from ties' tactics in granting con-tracts for the Siberia-West Europe pipeline - the Urengoi an area in which successive pipeline, now the subject of

imposed.

WEST EUROPEAN companies Administrations have tended to controversy-show a reluctance act with economic means to secure political objectives. to entrust construction just to one turnkey contractor. The negotiations last year showed The grain trade is rather

different from manufactured products or capital goods. The latter have to be sold. But Soviet grain demand ebbs and th Soviet desire to diversify as much as possible. Mr Woolcock considers that "security interests may again flows according to the success of the harvest. Given U.S. power become the dominant influence

on U.S. policy-making, as they were up to the late 1960s. This would imply that economic relations with the East would be viewed as an extension of U.S.-Soviet military competi-The statements of senior

officials like Mr Caspar Weinberger, the Secretary of Defence, would tend to bear this out. The latest U.S. plans for a quota to be placed on Western credits to the Soviet Union is the latest manifestation of this policy.

It is at this point that the potential for discord between the U.S. and Western Europe becomes the most marked, both at the general policy level and at the practical trading level.

"On issues of military security, the U.S's leadership role in the alliance generally goes unquestioned; on East-West trade issues there is no clear leader," writes Mr Woolcock, The U.S. would like to assume leadership, but cannot without European support.

"If Europe fails to respond because it feels U.S. policy proposals to be detrimental to its interests, the U.S. may seek to exercise leverage over the Euro-

The unilateral imposition of U.S. sanctions following the imposition of martial law in Poland, carrying with it the claim to prevent the re-export the Urengai pipeline of General Electric turbine parts, already in the UK, West Ger-many and Italy, at the plants of John Brown, AEG-Kanis and Nuovo Pigone, could be part of

that process. But this U.S. claim attracted vigorous resistance, not least the basic issue of sovereignty. European nations question the right of the U.S. to extend its jurisdiction to companies incorporated outside

its borders. In other words, the East-West trade issue has already spread into other areas of contention. Indeed, stiffer U.S. policies on East-West trade are emerging when the bag of U.S.-EEC trade disputes is already overflowing.

The Versailles seven-nation economic summit next month will show to what extent the U.S. is prepared to link all the

ironically, as debates within the Western alliance gather intensity East-West trade is slowing down in any case. Mr Woolcock notes that West European dependence on East-West trade—and it was never a great proportion of the total declined in 1979 and 1980.

Western Policies on East-West Trade, by Stephen Wool-cock; Routledge and Kegan Paul for the Royal Institute of International Affairs, London.

One of a series of interviews by

Mr. Dick Wilson and Dr. Yotaro Yanase



Caspar Weinberger

Hong Kong, EEC still 'far apart' on textiles

HONG KONG and the EEC clear" that it would not tolerate begin their bilateral talks in Brussels next week on the level of trade in textile goods from apparently irreconcilable stand-

The two sides "are as far apart on textiles as Kowloon and Brussels-travelling the

that it was wrong to get the impression that the colony had

"Hong Kong repeatedly stressed during the renegotia-tions of the MFA last year that EEC would like to conclude a it could not accept curbacks similar arrangement with the and this was made absolutely colony.

The EEC views the negotia-

The EEC negotiators, said Mr a 10 per cent reduction in Hong Many of the other discussions Kong's quotas. Hong Kong, he are completed in a matter of said, had made it "absolutely days.

reduction.

Not only was Hong Kong con-cerned about its REC market, but other countries might demand similar concessions if the demand for cuts proved successful.

Hong Kong's exports of textiles and garments were worth HK\$33.6bn (£3.3bn) last year, or 42 per cent of its overseas sales. Its largest markets are in the U.S. and the EEC. Hong Kong recently concluded its bilateral negotiations with the U.S., whereby the growth agreed, at the Multi-Fibre rate on restraint limits for 24 Arrangement discussions in Geneva last December, to reduction an average 3.6 per cent The current EEC deal expires

> The EEC views the negotia-tions with Hong Kong so seriously that it has set aside some three weeks for them.

NKK: Prepares for the challenges of the 1980s

NKK is a heavy industrial corporation which has diversified its business to steelmaking, engineering/construction and shipbuilding. It is Japan's second largest steelmaker and ranked sixth among the world steel companies in 1981. NKK has three shipyards with total building capacity of about one million gross tons per year, making it fourth largest Japanese shipbuilder. NKK is also active in engineering and construction utilizing accumulated steelmaking and shipbuilding expertise.

NKK's steel division has two major integrated steel works. One is the Keihin Works with an annual crude steel production capacity of 6 million tons. The Ohgishima Complex, well-known for its most advanced facilities and achievements of saving manpower-and energy, was completed in 1979. The other is Fukuyama Works, the largest-scale complex in the world with an annual capacity of 16 million tons of crude steel. The division makes its utmost efforts to develop steel products of higher added-value to meet new and more sophisticated needs in various steel-consuming industries.

NKK's advanced technology and expertise in the field of steel tubular goods is especially noteworthy because of its 70year history and experience.

NKK has built a number of super-tankers that operate around the world. It is also building energy-saving ships, liquefied gas carriers and icebreakers, which require high and reliable technology. It is a known fact that NKK made the world's first sail-equipped motor ship. The latest highlight is its involvement in fabricating offshore structures, especially platforms and rigs for drilling oil and gas.

In engineering and construction, NKK has first class technology for fabricating structures for oil and gas exploration and laying pipelines and petrochemical plants. Steelmaking engineering is this company's strong point with its most advanced technology and equipment in the world. It has exported steelmaking technology to the U.S., Europe and other coun-

used to be 23,000 workers but now there Minoru Kanao, President of Nippon Kokan, receives visitors in front of an are only 12,000. exquisite and no doubt priceless view of Wilson: What happened to the others, Lyon by the eminent contemporary

painter, Jean Fusaro. NKK, as the firm is generally known, is Japan's second largest steel producer after Nippon Steel Corp.

This is a traditionally dynamic industry, but NKK headquarters in central Tokyo is an austere skyscraper decorated with artistic masterpieces like the Fusaro.

NKK's 70th birthday this year will be marked by a highly interesting technological development of a shift from mass production of steel to the era of valueadded products.

The company produces not only steel but also heavy industrial plants and ships. Although steel still accounts for 75 per cent of the turnover, the management proposes now to increase the ratio of heavy industrial engineering activities. On the steel side, there are two major integrated works, at Fukuyama and Keihin. It is at this latter works, well-known for its modernized facilities, that most of the exciting experiments are taking place.

We asked President Kanao about his olans for the extraordinary steel works at Ohgishima which floats on the sea and is now in its third year of completion.

Kanao: We had two objectives here, to improve the environmental quality of our production, and also our competitiveness. The Keihin Works prior to its modernization consisted of a number of dated production facilities spreading over a wide area very close to residential zones. At that time, Ohgishima was a tiny island offshore the area of Keihin Works and used by NKK as a storage yard for raw materials.

After the old plants were dismantled, a huge man-made island was built at Ohgishima to house a complete steel plant complex. This took 10 years to complete, and we now have two blast furnaces operating. The island is equipped with the most modern energysaving facilities, and enjoys the highest productivity with the lowest possible degree of pollution.

Yanase: The ecological precautions must have been expensive.

Kanao: One fifth of the total cost of the construction was devoted to pollution control measures including ensuring the purity of air and of water and planting trees. Productivity per head has more than doubled after fully automating and computorizing the operation. There

were they dismissed?

Kanao: No one was fired. The figure was lowered partly by natural attrition, and the rest found jobs in other branches of our corporation. This Ohgishima plant is now producing six million tons a year of crude steel on a highly rationalized

One of NKK's new developments is in high-strength, corrosion-resistant steel pipes for oil and gas industries. Another achievement is the HIWEL series of steel plates for high-heat input welding, which doubles or triples welding efficiency for use in shipyards in the Arctic and other low-temperature areas. The company's newly developed high-strength steel has also benefitted the motor car industry.

NKK exports its steel technologies such as the Continuous Annealing Line to countries like Sweden, the U.S. and U.S.S.R. It has also sold a fully continuous tandem cold mill to an American steel-

Since the oil shock, like many other Japanese corporations, NKK has put a lot of effort into saving energy and finding alternative sources.

Continuous casting is being used much more, and accounts for more than 90 per cent of total steel produced instead of 50 per cent a few years ago. Recycling and reutilizing of energy, especially gas, is another avenue of savings.

Kanao: We have reduced oil consumption in steel-making by four-fifths over the past four years. We have also reduced power consumption mainly through recovering waste heat and reusing by-product gas.

Yanase: What about alternative energies, can you tap them?

Kanao: As a steel manufacturer we have been using coking coal as reducing material for iron ore, therefore, we have an accumulated knowledge about coal. It's natural for us to go into coal liquefaction, and we are just now completing our first pilot plant.

Another possibility is extracting oil from shale. We are participating in a new joint venture company and playing a leading role in research & develop-

The Heavy Industries Division of NKK produces a wide range of energy processing equipment. These include complete plants such as steel mills and environment protection plants, industrial machineries, steel structures and various ocean going carriers.

Wilson: I think you are involved now in quite a few big international engineering projects. Kanao: Yes, for example, we are supplying pipelines to Libya and a big off-

shore drilling platform for natural gas in Australia. I myself have just been to Egypt where we are about to begin building a new direct reduction steelmaking plant with an 800,000 ton-peryear production capacity.

NKK will provide engineering construction, as well as the management. know-how. This is a joint venture among the Egyptian government, the International financing Corporation and a Japanese consortium.

Wilson: You put emphasis on energyrelated engineering and construction business. What do you think about present and future prospects for this business sector?

Kanao: recently the world has experienced a glut in oil supplies because of the stagnant world economy and the shift to alternative energy sources such as coal. However, we expect that over a longer term, demand for oil and gas will gradually increase. Based on such a forecast, we have intensified efforts on plant engineering and construction for oil and gas exploration. We are preparing ourselves to meet any rising demand in virtually every energyrelated field, ranging from oil and gas exploration, production, processing, transport and storage.

We have laid pipelines in various regions in the world such as Alaska, Middle East, Southeast Asia and Africa. Besides, we have established a record of good results with other products, such as offshore platforms and deck modules, drilling rigs and liquefied natural gas storage tanks. We were recently awarded a contract by ARAMCO to construct a gas-oil separation plant in Saudi Arabia. Last year, we obtained a contract from Fluor Corp. of the US to supply modules for a petrochemical plant in Saudi Arabia. We find these two events an encouraging sign that we are on the right track.

Looking at future energy exploration activities, we anticipate that gas and oil will be actively sought in virgin offshore and polar regions. This is one area of technology which we are planning to improve so that we can supply engineering and construction services, as well as the required equipment for such high-risk severe weather exploration.

what about shippullding? How do you assess future demand, and how are you dealing with the effects of international recession?

Kanao: Japan's shipbuilding industry has held about 50 per cent of the world's total shipbuilding volume. Since demand for construction of new ships considerably decreased worldwide, in the aftermath of the oil shock, Japanese shipbuilding companies reduced their production capacity. NKK trimmed its shipbuilding capacity by almost 40 per cent including a reduction in its work-

But there has been a little bit of recovery in the last two years or so. However, we are worried about rising competition from shipyards in Korea and other countries which are increasingly winning new orders. We have fairly good orders until 1983. After that it depends on the exchange rate, which has been going against us recently, and how competitive new countries become in shipbuilding. One of the specialized ships we have recently produced is a tanker with a computerized sail.

NKK is the pioneer of building icebreakers in Japan. It is about to complete an ice towing tank at its shipyard, and it has already developed steel materials that can be used in the Arctic and other low temperature zones.

In these different ways, this Japanese steelmaker with a lifetime of history is preparing for the challenges of the 1930s.



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long way round," according to Mr Lawrence Mills, Hong Kong's trade commissioner yes-He warned the Community

tions in the level of its trade. to slightly under 1 per cent.

Mills, have a mandate to obtain

Brazilian rail contract

By Terry Dodsworth in Paris CGEE Alsthom do Brasil, part of the French-owned CGEE Alsthom group, has won a FFr 900m (£86.5m) order from Brazil for the extension and modernisation of suburban railway lines in Sao Paulo and Rio

awarded

The agreement assigns work on the project to a consortium of French companies and their Brazilian subsidiaries led by CGEE Alsthom, a subsidiary of Alsthom-Atlantique, which is owned by the recently-nationalised CGE electrical

company. Other participating companies include Spie Batignolles and Jeumont-Schneider, both part of the Empain-Schneider engineer-

ing concern. The rail deal comes only a month after France agreed to advance FFr 2bn of new export credits to Brazil. This financing covers a wide range of projects. including the railway lines, along with two hydro-electric power stations in which CGEE is also involved, hospital equipment and chemical freight ships.

Semiconductor order in U.S. is worth £18.3m

By Louise Kehoe INTEL, the California-based semiconductor chip manufacturer, has placed a \$33m (£18.3m) order for production equipment with Ultratech, a division of General Signal.

The order is believed to be the largest equipment pur-chase recorded in the industry, and comes at a time when the chip maker is optimistically gearing up for an upturn in business following a year of severely reduced profits.

Intel is buying 100 "wafer steppers"—machines used to paint minute circuit patterns on to silicon wafers. The company's choice of the Ultratech system gives a major boost to that section of the industry and is a blow to GCA which has formerly led the field with its version of

the wafer stepper. Intel will use the new machines to implement its advanced HMOS III production process—the acknowledged leader in semiconductor production processes.

General Dynamics ready to seal Israeli contracts

THE U.S. jet fighter manu- agreement between the comfacturer, General Dynamics, is pany and the Israeli Govern-concluding contracts with ment, which was signed when Israeli companies for the pur-Israel purchased the U.S. comchase of \$300m (£166m) worth pany's F-16 fighter.

of aviation equipment. General Dynamics representatives are in Israel to select the items to be purchased within the framework of the buy-back

NOTICE IS HEREBY GIVEN pursuant to the indenture dated at of December 1, 1980 among Alaska Interstret international Finance to the indenture dated et of December 1, 1890 among Alaska Interstate International Finance B.V., Alaska Interstate Company, as Guarantor and Chemical Bankas Trustee, relating to an issue of an 84% Convertible Subordinating Guaranteed Debentures due 1995, that officitive June 1, 1892 Alaska Interstate Company proposes to change its name and domicile by merging with and into ENSTAR Corporation, its wholly owned subsidiary. Pursuant to such proposed merger and the First Supplemental Indenture to the Indenture executed in connection therewith, ENSTAR Corporation will assume all of Alaska Interstate Company's obligations under such Indenture and agrees that the Debentures issued thereunder will be convertible into Common Stock of ENSTAR Corporation in the same manner and on the same terms as such Debentures are prosently convertible into Common Stock of Aleska Interstate Company, May 21, 1982 May 21, 1982

The buy-back agreements cover three years, and most Israeli companies involved in the production of aviation and avionics equipment are included in the U.S. orders. Among the Israeli companies

expected to sign supply con-tracts with General Dynamics are Israel Aircraft Industries. Elron, Cyclone, AEL and TAT. The orders from the U.S. company will prove a major boost to the Israeli companies. which had feared there would be severe restrictions on output in the next few years because of delays in the developments

The major problem which big U.S. purchasers encounter on the Israeli market is the small scale of production, which makes it difficult for many Israeli companies to supply the U.S. customers with goods in the quantities and at the speed

of the Israel Lavie warplane.

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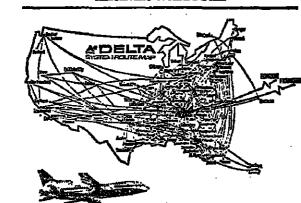
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Clearer picture for North Sea operators

By Ray Dafter, Energy Editor

THE PAST ten days could mark a turning point in the development of North Sea oil and gas At least offshore operators have been given a new sense of direction.

For the first time in a decade the Government is to auction potential oil-producing blocks and offer a substantial number of licences in the gas-bearing southern sector of the North Sea. The new eighth round of licences unveiled on Monday of last week also opens up unexplored frontier areas, some of them in very deep water, in a which should provide much more information about the amount of oil and gas lying off the UK's shores

The Energy Department seems to have ruled out the notion of introducing depletion measures to control the future rate of eil production. Mr. Hamish Gray, Minister of State for Energy, told members of the Institute of Petroleum last Wednesday that uncertainties about future levels of production and demand made it impossible to devise a detailed de-pletion blueprint. The Government wanted to prolong high of oil production to the end of the century, he said—a clear and welcomed invitation to the industry to "carry on

Sandwiched between these announcements was perhaps the most significant development The oil industry at last received some concerted parliamentary support—in the form of the all-party Energy Select Committee—for its campaign against the present North ea tax structure. The Conservative-led committee reported that the "complex and cumbersome" tax system was endanger-ing future exploration and prothorough overhaul.

to the cheeks of offshore opera-tors. For months they have appeared listless, constantly at which its impact on develop-complaining that high taxes ment projects could be regarded and general uncertainties were draining them of cash and incentives to invest in exploration wandered to warmer climes, to the drilling areas of China, South America, South-East Asia, and West Africa,

The industry's complaints have fallen largely on deaf ears Government. Treasury and Energy Ministers, growing tired of industry moans, take the view that oil companies are really more worried about lowered price projections than

Their repeated line is that Cline and Associates have also he Government has a duty to just reported that the amount of strike a halance between the oil reserves under development revenue needs of the nation and at the end of March was about investment incentives for the half the amount being exploited offshore industry. The Treasury at the peak of activity in 1976. will not willingly release its grip is would be unreasonable to on a source of revenue which, expect the phenomenal growth in the 1981/82 financial year, of the 1970s to continue yielded £6.4bn, a 65 per cent But the rapid rate of decline increase on the previous 12 in development activity is now months. But at the same time causing considerable concern it cannot overlook the fact that within the oil industry and the the offshore industry provides Energy Department, not only for a good deal of light in the its implications for the rate of present economic gloom; its future oil production but also capital spending programme of for its impact on the offshore £2.8bn last year represented one supply industry. Over 2,000 fifth of total UK industrial employees in the platform-investment. building sector are known to

Sir Geoffrey Howe. Chancellor of the Exchequer, said recently that taxation was not making that taxation was not making only six fields are now under North Sea development unatiractive, especially in view of the March Budget proposals which would lead to the abolition of the much-criticised Supplementary Petroleum Duty and a clight reduction in the making Only six fields are now under development and their reserves are comparatively modest when set against some of the 20 fields already in production. (The combined reserves of the six are a good deal less than the 2bn and a slight reduction in the top rate of oil taxation—from 90.3 per cent to 89.5 per cent.

The Chancellor is now continued reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of recoverable reserves of the six are a good deal less than the 2bn barrels of the six

The Chancellor is now coming it is now almost two years since under fresh industry pressure an offshore operator applied for to make last-minute changes in —and received—government the Finance Bill, now going approval for a new oil develop-through Parliament, and to con-sider more fundamental tax At least three development Today a top level delegation from the UK Offshore Operators
Association will tell Sir Geoffrey that tax changes must be a selected.

At least three development candidates have been shelved:
Shell/Esso's Tern Field; British Petroleum's Andrew discovery; and Phillips Petroleum's candidates have been shelved:

if future exploration and Block. These three projects developments are not to be developments are familiar. The Energy Select Committee was convinced that the industry postponement have been did now have a real cause for identical. Companies say they complaint. "I think the com- are worried about the uncermittee can differentiate between tainty of future oil prices, high a hoarse whisper and a strangu-lated scream, commented Mr characteristics of their fields. Ian Lloyd (Con, Havant and Trying to sort out which of these

tion of Gas Engineers.

East Midlands region of British Gas, said in his presidential

address yesterday that UK gas

demand was likely to grow at

only 0.5 per cent a year to the turn of the century. This would

compare with a growth rate of 7.8 per cent a year for most of

Mr Evans, speaking in London, said that by the 1990s UK gas demand could be static, or

even in decline. He gave several reasons for this fore-

● Economic growth for the rest of the century, at about 2 to 3 per cent annually, was likely to

be slower in the UK than in the

Poor growth predicted

THE GAS industry is facing a

The gas industry's share of dramatic turnabout in its the central heating market was

growth prospects and above- already approaching saturation. average price rises for its sup-Growth prospects would also be plies, according to Mr Robert reduced as a result of a move-Evans, president of the Institu-ment to smaller households and

Mr Evans, chairman of the Energy conservation measures ast Midlands region of British would have an impact. By the

single-person dwellings.

mid-1990s, a quarter of the

housing stock would be low-

• The industrial market was

also undergoing a structural

change with the closure of old,

inefficient plants and a concentration on less energy-intensive

light manufacturing and high

Mr Evans said the price of

natural gas supplies was likely to increase faster than the

general rate of inflation. At

accounted for about one-third of the British Gas Corporation's

supplies of

technology industries.

present,

for UK gas demand

concerns is the main reason for Budget changes have made 400m barrels. holding up development is some-"How far you burden the tax base is a fundamental judg-

ment," he went on. "If we have not passed the point of real danger then we are very close falling prices have had the most damaging impact. With North Sea contract rates this year having fallen from \$39.25 a The danger, in this case, is a decline in offshore investment. barrel to \$31 a barrel, companies have been forced to abandon The committee concluded that the tax system, at its current their previous aspirations that prices—in real terms—could level, complexity and frequency of change, had passed the point rise beyond \$40 or even \$50 this

as "broadly neutral." By dis-

Government ran the risk of

production and

The warning signals are al-

ready flashing. The pace of ex-

ploration drilling may have

picked up slightly since the slump of 1978-80. But the num-

ber of exploration wells com-

pleted in the first quarter of this year (ten) was only one-third

of the peak in 1977 and 55 per

cent of the average for that year

Petroleum consultants Gaffney

Only six fields are now under

as a whole.

Consequently, a tax system which could have been tolerated fields that will have to contribute and justified under last year's unbearable in certain cases. And it is the smaller, economically

matters worse for some of these small fields according to the

assumptions — even oil companies were marginal fields that have been hardest hit.

more attractive small 50mbarrel field earlier this year counted cash flow rate of return of between 17 and 18 per cent. Following the Budget, it is claimed, the expectation has inadequate reward for a highrisk venture, say the companies.

And yet it will be such small oil supplies in the coming years.
According to the UK Offshore Operators Association, 74 fields have been identified in the The first 26 of these, now producing or under have average development. recoverable oil reserves of over

potentially commercial fields contain an average 100m barrels of recoverable oil while a further 37 "marginal" discoveries contain on average

only 60m barrels.

only two or three of the potentially commercial fields can now be considered as likely candi-dates for development. None of "marginal" finds were likely to be exploited under the current tax system.

But the picture is not wholly more months before the Energy two fields: British National Oil

ways of exploiting small dis

And there would now appear to be less urgency for new fields to be exploited immedi-ately, given the revised estimates of future oil demand. A little over four years ago the Energy Department was work ing on the assumption that UK oil demand could now be running at about 100m tonnes a year (2m barrels a day) and might rise to over 120m tonnes annually by the turn of the cen-

and fuel substitution have transformed that picture to the extent that demand is now running at about 75m tounes a year and is unlikely to grow very much—if at all—over the next

The production picture is also changing. As a result of development delays and unexpected for the early 1980s has been changed to a gentle hump. The UK still looks like return-

net oil importer by the mid-1990s—quite possibly sooner— unless the offshore industry fields in the coming years.

The eighth round of drilling

licences announced last week will help. The Government may regard the offer of at least 85

will also reduce some of the uncertainties. But at the end of the day the pace of future development will be set largely The Association claims that by pricing considerations and

Somewhat surprisingly, one of the most vociferous critics of the present tax package is the state-owned British National Oil Corporation. Mr Malcolm Ford, director in charge of the Corporation's exploration and production activities, commented at the weekend: "Everyone must realise that the North Sea next batch of fields would be Corporation's Clyde discovery smaller, harder to find and more and Total's North Alwyn Field. difficult to develop. What has Companies are also devising surprised us has been the unsmaller, harder to find and more

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interest-bearing current account

BY PAUL TAYLOR

THE MIDLAND BANK is set to 290,000 cards are in circulation offer a hybrid, interest-bearing and customers draw about 53m current account, as an alterna- a tive to traditional cheque accounts, to its 4.5m personal

soon, will reflect the growing interest-bearing competition between the retail Barciays, wallwest and Williams banks and the building societies and Gyn's are understood to for personal savings, and the be considering plastic-card mounting pressure on the High schemes, while Lloyds already operates its "Casmow" account

current accounts. Details of the Midland scheme have yet to be finalised, but it is understood that the bank is examining a range of specific interest. proposais for accounts which would provide cheque hook facilities and pay interest, probably on a quarterly basis. One possibility is that the Midland would extend its existing "Save and Borrow" revolving credit account by introducing a cheque book facility.

This month the bank introduced its "Readicash" pliot scheme in six cities, aimed at customers who prefer to deal in cash rather than

claims to be successful, allows problem by producing a hybrid through a plactic month. through a plastic card at any of 21.00 standard monthly deducthe bank's 540 cash dispensers. Customers can pay as much of transactions, is made before money as they like into the the notional interest is credited account and interest is paid to the customer's account. quarterly at 1 per cent less than ine banks seven-day deposit

rate. ane Royal Bank of Scotland offers a similar account, involvwatch pays interest. More than interest net of tax.

through Cashline

nne other main banks are also ustomers. examining the possibility of The announcement, expected providing other forms of

waten, amougn mudally devised as a revolving credit account, is being used by some customers as a current account which pays The pressure on the big banks to come up with interest-bearing

current accounts has been intensined by the Co-operative Bank's decision to start its own interest-bearing cheque book account and to provide chequehanding tacilities for an Abbey National cheque book account.

However, these moves have also highinghted confusion over charges on these accounts and ine miand Keyenue about on the basis which interest may be

current account under which a "light at the end of the tunnel" tion, irrespective of the number of transactions, is made before

'the main banks have been meeting the Inland Revenue to ciarity the position and are allow banks to be put on the ing a plastic card and called same basis as the building deposit account, societies as regards payment of

London's tourist board launches action plan

BY JAMES McDONALD

London's tourism and tourist cial sector earnings. information facilities, to reverse the decline in recent spending on tourism promotion, years in the number of over- per thousand head of populaseas visitor and in the amount tion, was £45 in London, £117 in real terms they have spent in Birmingham, £1,109 in York there, Mrs Mary Baker, London and £2,546 in Bath. Yet Lon-Tourist Board chairwoman, said don's share of overseas visitors

Launching the Board's Action in 1980. Plan for London tourism Mrs Bake- said the Board- needed for selective funds tourism promotion. It spent

about £1.25m a year.

Mr Peter Stevens, the Board's new director, said another £500.000 was needed, in to 52.6m last year. cash, facilities or premises. Piccadilly and. with the English Tourist Board, computerisation of hotel reservations and vacancies which eventually become a

national service. He said talks on these projects were taking place with the English Tourist Board and the Greater London Council.

Mrs Baker said London local authorities spent less per head of population on the tourist licensing industry than did Bath, York revised. or Birmingham, though tourist spending in London last year £1.7bn came from overseas visitous, an amount exceeded only SW1.

MORE EHOULD be spent on by the City of London's finan-

Last year local authority UK spending was 57.8 per cent

In terms of 1981 prices spending by overseas visitors in London dropped from a peak of £2.3bn in 1977 to £1.7bn in 1981, the Board estimates. Nights spent in London by overseas visitors fell from 60.7m in 1978

The Action Plan seeks com-Plans envisaged improved facili- mitment to an economic-impact ties at Victoria, a centre near study to assess benefits and provements in service by better recruitment and training and a reappraisal of accommodation requirements, especially of low cost facilities.

Pressure should be maintained to clear London of illegal street traders, there should be better enforcement of hygiene rules by giving inspectors immediatelosure powers, and liquor icensing laws should be licensing laws

Tourism in Greater Londonan assessment of current needs; was nearly £2.26n, of which London Tourist Board, 26, Grosvenor

Coal grants plan postponed

BY MAURICE SAMUELSON

A GOVERNMENT announcement about soft EEC loans to enable British industry to switch to coal was cancelled at short notice yesterday to allow further technical discussions en how the cash will be

Ministers are expected to confirm arrangements for loans of up to half the cost of converting plant to coal towards the end of June. Talks have been under way for more than

The delay was a bitter disappointment to National Coal Board officials, who are today attending a major trialists' conference at borough economics of switching plant

from eil and gas. The Government provides grants covering up to 25 per cent of the cost of installing coal-fired plant, but companies apparently many companies apparently find this insufficient incentive for a major investment.

Scheme to shorten Channel **Tunnel construction time**

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE PROPOSERS of a new approach to the construction of the Channel Tunnel claimed yesterday that their method yesterday that the estimated six-year construction time by 30 to 50 per cent, making the whole enterprise more attractive finan-

The plan is to bore the tunnel not only from both sides of the Channel but also from one or more submerged caissons between the two coasts. This technique, still untested, draws substantially on expertise gained in the North Sea and

other offshore works using sub-marine construction techniques. The submerged caisson, which acts like a mining shaft, has the advantage of not impeding shipping, aithough it would require a vessel permanently positioned for servicing.

Using this method, construction costs of the sector would be about \$100m (£55.4m) in addition to the other costs involved in boring the tunnel. This is equal to about 5 per

posed by the two railways in Britain and France. It would be suitable for any of the

tunnels proposed.
Mr Alfred E. Davidson, European representative of the proposers, Mid Channel Access Corporation (MCAC), claimed yesterday that the added ex-pense would be more than offset by savings from faster construction. MCAC is a subsidiary of Technical Studies Inc., a U.S. company which in 1957 was one of the founding members of the Channel Tunnel Study Group.

The group's representatives say they have had discussions on the technical basis of the pro posals in recent weeks with the transport departments in Britain and France. MCAC does not incorporate any construction companies at this point, but aims to invite tenders once the proposal is accepted. then act as contractor for that part of the construction involv-

Midland to offer New CBI president plans to speak out for enterprise

He is Sir Campbell Fraser, 59, a former presenter of BBC Radio's Woman's Hour and now executive chairman of Dunlop Holdings, a company he joined as a public relations officer in

A proud Scot and powerful speaker, Sir Campbell says his main task during his two years' presidency will be to "speak out vigorously for enterprise in both the public and private sectors of the economy."

He takes over the presidency from Sir Ray Pennock, executive chairman of BICC, at a time when the CBI's relations with the Government have stabilised following the difficult period 18 months ago when CBI members loudly attacked their leaders for criticising the Government's economic policies.

"We have now got the Government to understand the realities of industry without being so loud as our more vociferous want," says Sir Ray. Sir Campbell may sometimes

Conservatives. He sees little sign of any general upturn in the economy and two months ago said the

THE FIRST president of the being talked about by ministers Confederation of British looked like an "anaemic glow-industry to have spent a considerable part of his career as worm may be glowing more a broadcaster and a public strongly," but adds that the only relations manager takes office real improvement is the "growing confidence of business managers."

He is not totally convinced about the usefulness of the law in improving industrial relations, and he sees a need for positive Government industrial policies.

Like his predecessor. Sir Campbell is a sincere believer in the need for greater employee participation. "Sir Ray has in my opinion successfully drawn the attention of CBI members to the fact that employee participation is not something you leave to someone else, unless you want the law eventually to come in and do it for you," he says.

How free Sir Campbell will feel to air his own views on political matters remains to be seen. Sir Ray-who was deputy chairman of ICI before he became chairman of BICC took office in 1980 with the reputation of being a liberal, wanting to build bridges with the TUC.

But he was also critical of the behaviour of trade unions and he realised that the CBI could not be used by the TUC to build joint criticism of the Government. Accordingly, be find himself out of line with the CBI's right wing and with staunch supporters of the is regarded as a rabid rightwinger by one or two top union leaders.

He has even been criticised by some of his own members John Elliott outlines the problems facing Sir Campbell Fraser



Sir Raymond Pennock

Thatcher and for not attacking more searching, and much more her more openly about the effect of the Government's economic policies on industry.

Sir Ray reflected on this problem in his speech at the CBPs annual dinner on Monday night. He said he had been warned by the late Sir John Methven, then CBI director general, that "holding presidential office under a Tory Governduring the past two years for ment would be much more test-bers support it, we must strive 1969, managing director in 1972, getting too close to Mrs ing than under Labour, much consciously and sensitively to and executive chairment in 1978.

Sir Campbell Fraser

vulnerable."

There would be "more pros pective pitfalls than under a government of any other party because of the perpetual paradox that we must continually press government to recognise the priorities of industry among all its other pressures."

Sir John had added: " Because the vast majority of our mem-

Sir Ray said: "Despite the minefields, ambushes and booby traps which events seem to have created for us, I have survived. He thinks, rightly, that the CBI. is now in a position where it can criticise the Government on specific issues without appearing to be undermining its basic

policies. Sir Campbell may have an easier run because of the lessons learned by Sir Ray and Sir Terence Beckett, the direcby the earlier replacement of Sir Keith Joseph by Mr Patrick Jenkin as Industry Secretary), that it wants to help industry. That help is likely to increase as the next general election

Sir Campbell was born in Dunblane and was educated at Glasgow University and the Dundee School of Economics. In 1952 he joined the staff of the Economist Intelligence Unit and also started a 10-year freelance career as a BBC broadcaster.

He worked on public relations and marketing for Dunlop from 1957 to 1962, then joined the overseas division. In 1967, he was given his first industrial hine management job when he was appointed managing director of Dunlop in New Zealand.

His performance there in the him out for rapid promotion to be a UK executive director in

avoid any semblance of under-mining the Government in the together with the future of the Television and a non-executive director of British Petroleum. BAT Industries and

Charterhouse Group. While in charge at Dunlop. he has overseen the break-up of the union with Pirelli and has fought off takeover moves in the Far East, while the company's

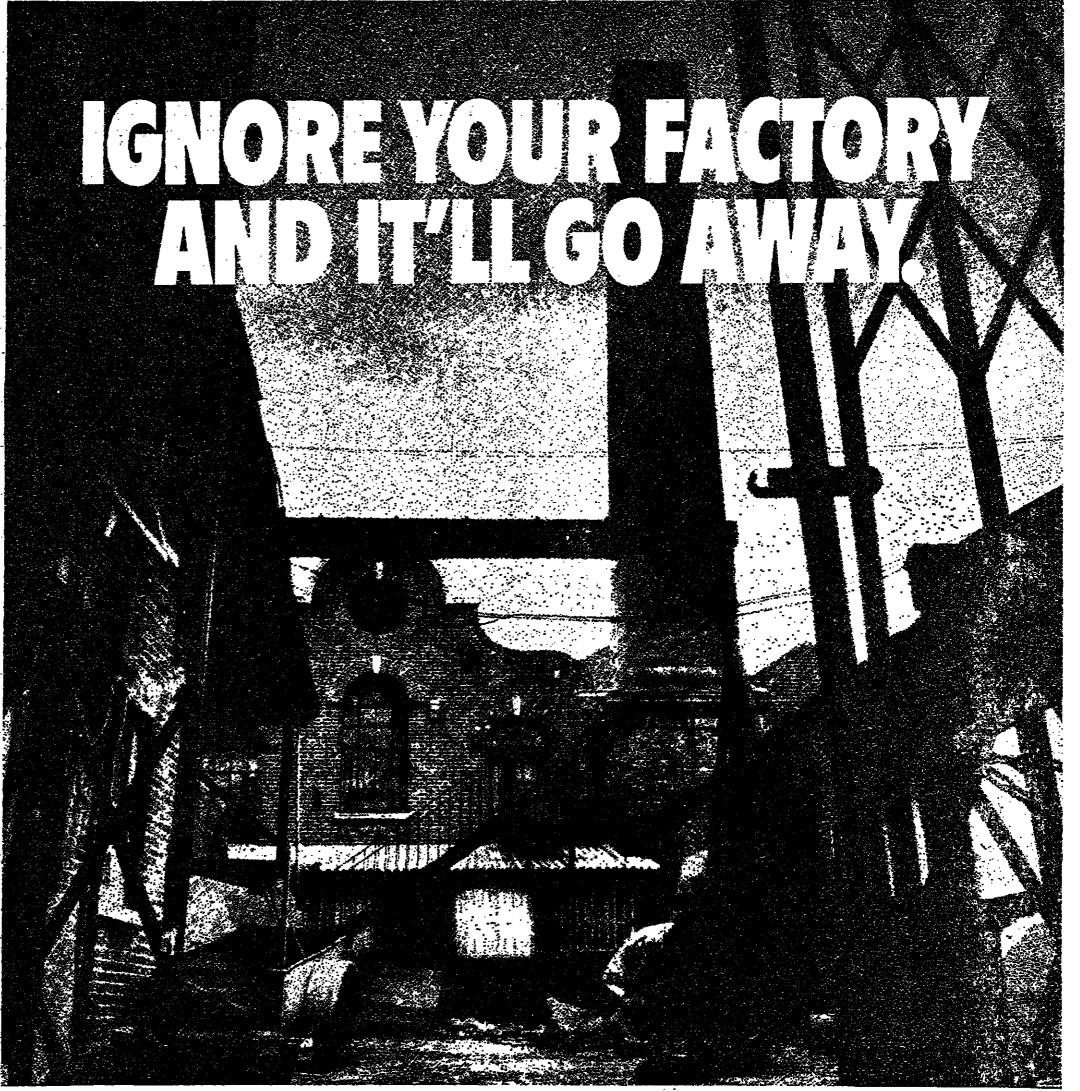
UK labour force has virtually

been halved to 26,000 in the past

five years. In 1977, he surprised observers by picking Mr Alan Lord, then second permanent tor general. The Government, secretary at the Treasury, as his also showed in the Budget (and potential successor. Mr Lord is now Dunlop's chier executive officer and will carry a bigger load during the next two years white Sir Campbell spends at least half his time on CBI

> He has been chairman of the CBI's economic situation committee, which oversees regular industrial trends surveys. He was the founder-chairman of the industrial policy committee, which has argued for increased Government spending on industry. If has also called for tougher EEC policies against the Japanese an issue the CBI council debates

Sir Campbell takes over at a time when the CBI is starting again on its campaign for lower interest rates and for other cuts in business costs. These issues, togethre with the future of the recession and the problems of Japanese competition, are likely to dominate much of his presidency, as they did Sir Ray's.



When you are building a business the last thing you should neglect is the building.

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North Sea taxes

'delay investment'

Datsun UK gets new model at low price

By Kenneth Gooding, Motor Industry Correspondent

NISSAN OF Japan is charging its UK importer. Datsun UK. a lower price for a completely new version of the best-selling Sunny than for the previous version.

Mr Octav Bolnar, chairman and founder of Datsun UK, gave no details of the extent of the reduction, but said the price cut indicated the continuing improvements in productivity in the Japanese motor industry.

Mr Botnar, an ardent supporter of the view that Nissan should be encouraged to set un a car plant in Britain, suggested that the company had a great deal to offer the UK in terms of production technology.

In spite of the reduction in the price to the importer, the the brice to the importer, the UK list prices for the new Sunny range, introduced teday are between 5 per cent and 11 per cent more than the prices of the old range.

The Sunny has been very important than the prices of the old range.

portant to Datsun UK. Registrations once ran at about 30,000 a year, but last year they fell back to about 5,000 and the Sunny was overtaken by the Datsun Cherry not only as the best-selling car in the Datsun UK stable, but also as the premier "traditional" imported car (as compared with the "captive" imports by Ford, BL and Vauxhall).

Over the past 13 years. Datsun UK has put more than 301.000 Sunny models on British roads, and believes the car could have done much better if it had not been for the voluntary restraint on shipments by the Japanese industry for the past six years. The new Sunny, unlike its predecessors, is a front-wheel-drive car and is powered by Nissan's new

E series enzine. The eight models in the range include a choice of saloon, coupe and estate bodies and a choice of two engines—a 1.3-litre, 60-brakehorsepower unit, and a 1.5-litre, 75-bhp version. Four-speed and five-speed and gearhoxes are avzilable.

Datsun says the new engine and gearbox combination, light weight and good aerodynamics gives good economy. For the Sunny 1.5-litre, fivespeed saloon, 58.9 miles per gallon is claimed at a constant 56 mph.

Prices for the new Sunny range start at £3,865 for the 1.3DX, two-door, four-speed version, and rise to £5.044 for the 1.5GL estate automatic with metallic paint. Prices in from £3,668 to £4,485.

Meeting at De Lorean

By John Griffiths

A MASS meeting of 1,500 workers at the De Lorean company's Belfast plant is to take place today to explore ways of staving off the plant's closure.

All but 200 are scheduled to lose their jobs following the announcement by the receivers that production of the controversial sports cars is to be suspended from Monday.

There is no prospect of redundancy payments for the workers, whose alternative work prospects are bleak in Northern Ircland, where unemployment is running at 19.7 per cent overall. One worker in two is out of a job in area close to the plant.

Mr John Freeman, of the Transport and General Workers' Union, has called for immediate meeting between Mr James Prior, the Northern Ireland Secretary. Sir Kenneth Cork and Mr Paul Shewell, the receivers. to discuss possible further financial assistance to the

However, Mr Prior has said repeatedly that the £67m the Government has suck into De Lorean will not be increased. Talks are understood to be

continuing between Sir Kennoth and a group of UK-based petential investors There were indications that

a small consortium of City institutions were considering injecting up to

O Shelvoke and Drewry, the specialist municipal vehicles maker, is closing its satellite plant at Eaton Socon, Cambridgeshire, and transferring its activities to the main works at Letchworth, Herts. Federation,

Doctors to be freed from signing sick notes for less than seven-day illnesses

EMPLOYEES who are ill for a week or less, after June 14, will sign their own sickness henefit claim form to receive social security sickness bene-fit. They will no longer have to obtain a sick note signed by a doctor.

Details of the new system called "self-certification" are provided under Regulations published this week by the Department Socia! Security. This system represents the end of much effort by the British Medical Association to ease the burden of certifica-

tion on dectors. employees need a sick note The medical profession has after three days' illness to long regarded the signing of claim sickness benefit. No certificates as a pointless social security benefit is payexercise and a waste of time. able for the first three days of .The present certificate does

Failures hit SE compensation fund

THE CRASH of two stock- during the year reduced the plained. Some 105 price move- Exchange chairman, says in the

company.

httle more than state that the person has consulted his doctor and often the doctor has to rely on the patient's description of the symptoms. Under the current system,

From mid-June employee will get the official sickness benefit claim forms from doctors' surgeries, social security offices or bospitals. The employee does not have to see a doctor to complete the form. The form has one simple question on details of sickness/injury, plus a declaration agreeing to the individual's doctor giving

medical information relevant to the claim to a doctor in the Regional Medical Service.

The self-certification system would appear to make absenteeism much easier and some employers fear it could lead to some employees taking more time off work. But other employers have already introduced a form of self-certification and have taken the opportunity of monitoring absenteeism and controlling an employee's, sickness pattern.

From next April, employers will be responsible for paying the first eight weeks of sickness benefit when an employee is off work through illness or disability. The Government is still in the process of completing the

BY MAY DAFTER, EMERGY EDITOR

But the Confederation of British Industry feels that the period ahead of the changeover will provide a useful test run to the self-certification

The Social Security (Medical Evidence, Claims and Pay-ments) Amendment Regulations 1982, SI 1982 No 699 price 75p.

British Aerospace to cut 950 jobs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

labour force at its southern fac rest being in the Dynamics tories by 950 by the end of this Group;

on the Stock Exchange's com-

nensation fund. The details are

revealed in the latest accounts

of the Stock Exchange for the

Claims for £800,000 were paid

after the collapse of Norman

Collins, and 11.9m after the collapse of Hedderwick Stirling

Grumbar. So serious were the

collapses and the size of the

general reserves were necessary

so the compensation fund could

much beartache and consider

able delays the first videodisc

system to become generally available in Europe is in the

shops, in south-east England,

Last night Philips, the Dutch

electrical giant, started a £1.6m

promotion campaign with tele-

vision advertisements for its

Laser-Vision optical disc system.

Philips has invested more than

commercial potential.

Y-sterday

the industry remain over its grammes.

Thorn

The Court of Appeal held

allowed to continue operating

Stena Line, of Gothenburg, on

Regie was also entitled to

rest of the Belgian charter.

815m (£8.3m).

The court

BY JASON CRISP

from today.

that advances from

year ending March 1982.

BY JOHN MOORE, CITY CORRESPONDENT

brokers had a dramatic impact level of advances from general ments were discused in detail

Since the year end these

general reserves have been re-

imbursed by a second dividend

of £700,000 from the liquidator of Hedderwick Stirling Grum-

It is expected that all ad-

vances from general reserves

will eventually be recovered when further dividends are

received from the estates of

In its last financial year the

reviewed. It. too, has been post-

attempted razzamatazz was

to buy it for C\$11.8m (£5.36m),

C. N. .Marine had challenged

should be allowed to use the

ing that it was entitled to the

with options to extend for a

The federation has been press-

ing the Government to increase

capital investment in the industry, but Mr Brittan stressed that this had to be justifiable on commercial

"The case for a given quantum of investment rests not

on the figures alone but on the

economic and business context.

grounds.

ing and control.

further year and to purchase

Regie cross-appealed, contend-

recorder in that it cannot be record.

At a lengthy launch presen-

defaulting firms received ments-most were readily ex- Nicholas Goodison, the Stock says,

Videodisc system is launched by Philips

tation in London yesterday it systems, are all incompatible. almost seemed as if Philips Philips System is probably

The videodisc differs from minute "pits" on a silver disc the fast-selling video cassette which looks like a long-playing

uses for video recorders is to hour, there are 20hn pits.

watch broadcast television at a Philips has faced considerable

reserves to £1.2m.

failed firms.

poned before.

almost leaden.

shared

neet claims. Stock Exchange made 3267 Recoveries from the estates inquiries into share price move-

AFTER massive investment, launch of its rival disc based

£200m developing the system recorder in that it cannot be and yet considerable doubts in used to record broadcast pro-

Belgian ferry group wins

appeal to possess vessel

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A BELGIAN ferry operator has Mr Justice Parker had held in

won a court battle over the Commercial Court that

possession of a vessel that was Regie should have the vessel

chartered to it by the Swedish for the next two years, but after

owners in broach of a previous that the Canadian company, C. charter to a Canadian company. N. Marine, should be allowed

yesterday that Regie Voor in accordance with the terms Mariticm Transport should be of the Canadian charter.

the Stena Nautica, owned by that ruling, arguing that it

exercise an option in the full benefit of its charter, for

charter to buy the vessel for two years from last February,

the Dover-Ostend route, for the Nautica this summer.

Brittan sees chance of

overturned a

reduced price rises

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MOST nationalised industries

should be able to avoid intro-

ducing price rises significantly

in excess of the rate of inflation, Mr Leon Brittan, Chief Secre-

tary to the Treasury, said

yesterday. This was because the impact

of a gradual return to economic

pricing and the effect of oil

price rises on energy costs had now "largely worked through

real price increases to come in

the energy sector, it should

from now on be possible for

most of the industries to avoid

further increases significantly in excess of inflation." he told

the economic committee of

the Engineering Employers'

Although there may still be

the system."

judgment of Solomon in which the vessel.

ERITISH AEROSPACE, which Aircraft Group. The Aircraft Hurn, though parts are being recently announced 1.250 redun- Group overall accounts for made still in a co-production achieve because normal wastage work-load. dancies in there Midlands fac- about 50,000 of British Aero- deal with Romania, and the in the Aircraft Group amounts tory closures, is to trim its space's 79,000 employees, the general run-down of military to about 1,000 workers a year

bridge and Filton about 310 retirement. The latest redundancies are each. As far as possible cuts

with the brokers to the relevant

Some 56 dealing inquiries were carried out and the results

further investigation. Three prosecutions were then brought

One jobber has already received

compensation from the accused.

Following the row over pro-posed increases in commission

charges by stock exchange

members earlier this year Sir

on JVC's system, planned for better quality and can offer facture similar to making micro-September. was now being extra facilities than pre-reviewed. It. too, has been post-recorded videotapes. There are Two versions of the disc

three videodisc systems which,

Philips System is probably

homes. A tiny laser reads

On one side of the disc,

doubts—the the most sophisticated product matazz was anyone would have in their

One of the major which can play for up to an

the three videotape

were carried out and the results kept regularly under review.

of 21 inquiries were passed to the Department of Trade for further investigation. Three of competitiveness of the

Videodiscs are cheaper, of which require precision manu-

under the insider trading provi-sions of the Companies Act 1980. receives regular data extent of competition.

rcraft work. and many workers, up to about Hurn will lose 330 jobs, Wey- 3,000, are within 10 years of

British Aerospace warned re-The cuts will be at Hurn, near Bristol, and Weybridge, Surrey, all in the British Aerospace The latest redundancies are due to a falling volume of work will be made through natural cently that though as an entity wastage and early retirement. It remains profitable the curted, and Weybridge, Surrey, with the end of production of Direct redundancies will be report world-airline industry recession and cuts in defence

accounts that "discussions with users will continue. Certain points of argument are still

jobbing system and he now receives regular data on the

our case in the Restrictive Practices Court will be strongly

influenced by the court's view

about the extent of competition

that exists in the market," he

player will be in the shops. The

basic version will cost just

under £450 and one with remote

control will cost a little less

than £500. Initially, there will be 120 titles from eight dif-

ferent companies including

Polygram Video, Rank Video, BBC Video, CIC Video and In-tervision. Titles range from Chariots of Fire to Ivor the

Most of the discs will cost

between £16 and £18 and distri-

"The success or failure of

This may not be difficult to spending are cutting the overal

Bitteswell,

This has resulted already in

the decision to close the three Midlands aircraft plants at Leicestershire; Bracebridge Heath, Lincolnshire; and Holme upon Spalding Moore, Humberside by the end of the year, with the loss of 1,250 jobs.

A TOP-LEVEL deputation from fundamental changes in the the North Sea oil-industry will today meet Sir Geoffrey Howe, the Chancellor of the Exchequer, to press for changes

Development UK; Mr Malcolm Ford (vice-president Scotland), board member of British National Oil Corporation responsible for exploration and production: Mr Charles Spruell (vice-president, England), chairman and president of Mehil North Sear and Mr Mobil North Sea; and Mr

George Williams, the associa-tion's director general It is understood the associa-North Sea operators, is to press Hament, and to consider more

out Supplementary Petroleum Tax—as requested by the indusindustry is finding a good deal

officials and ministers within the Department of Energy. The Department's Offshore Supplies Office, responsible for ecouragtion, which represents leading ing business among UK manu-North Sea operators, is to press facturers and service companies, the Chancellor to make last is known to be concerned about minute amendments to the the reduced number of orders is known to be concerned about Finance Bill, going through Par-liament, and to consider more Energy Review, Page 3

Exchequer, to press for changes in the taxation system. The delegation from the UK the structure of North Sea taxation of the Offshore Operators Association that get, would lessen the economic high tax levels and falling oil attractivenes of various offshore projects. I'm to now the Chancellor has

METRO - CAMMELL, the Birmingham-based railway cars supplier, has told union leaders that up to 400 jobs must go—about one-third of the manual workforce. The company blames a fall

The job cuts mark a sharp reversal for a company which has achieved dramatic growth over the past five years. Employment at the Birming-ham factory more than doubled, to 1,500, as the company concentrated on the growth of mass transit railway systems, particularly

Metro-Cammell announced £70m worth of orders at the end of last year in Heng Keng, to push total sales to the colony towards £300m in recent years.

But Mr Don Whitehouse. the managing director, warned at the time that a solid home hase was essential to compete in international markets. A jolt to that home market

on the Jubil the Underground.

night that, because of the Law Lords' ruling on the Greater Loudon Council's fares policy. it was thought demand would be sufficient to justify only 90 more cars on the Jubilee Line. The option with Metro-Cammell for an extra 78 cars was cancelled.

told that up to 400 of the 1,200 manual workers' jobs company,

Weymann, also in Birmingham, is to some extent also dependent upon London

before the GLC transport committee on June 23. Metro-Cammell Weymann, regardless of the LT order, expects to produce about 350 buses this year, compared with the 650 vehicles

Rail-car maker may shed **400** jobs

By Arthur Smith, Midlands

in domestic demand, partieu-larly from London Transport. By October exports will account for 100 per cent of

came when London Transport decided not to press ahead with its original order for rail London Transport said last

The order, thought to be worth about £10m, will not go into production until next year. Recently Metro-Cammeli built about four cars a week for London Transport but the Jubilee Line order starting next summer will mean only 14 cars Trade unions have been

must go by the end of the The company has called for voluntary redundancies, but the details are subject to negotiation. The 300 staff employees have been warned lohs might he at risk, but talks have still to open. Employment at a sister company, Metro-Cammell

LT's proposals for a £25m order of new buses goes

prices, are endangering exploration and development projects. Up to now the Chancellor has and delaying billions of pounds and delaying billions of pounds rather than taxation, that is worth of investment. rather than taxation, that is To emphasise their concern holding up some of the offshore

the association is to field its top projects, like Shell's Tern Field team: Mr David Walker and British Petroleum's Andrew UKOOA's president and chief discovery. Sir Geoffrey has also executive of BP Petroleum reminded the industry that the Government Intends to phase top rate of taxation.

It is thought that the the

In recent weeks several

operating groups have sent the Treasury and Inland Revenue

of sympathy for its views among

Balmoral well improves BNOC project prospects

BY RAY DAFTER, ENERGY EDITOR

BRITISH National Oil Corporathe Government before next

The well was drilled on block miles north-east of Aberdeen. BNOC said the well, drilled on a geological structure con- Gas an tiguous with the oil field, was cent). 5,100 barrels a day.

well, drilled by the semi-subportant oil reserves in block

It is expected that these reserves, designated as the Bal-moral Field, will be produced by a consortium led by Sun. The field, containing an estimated 60m-100m barrels of recoverable reserves, is likely to be ex-ploited by a purpose-built floating production platform.

ing up an operating team to undertake the project, it is unlikely Forth. The onshore line is due that the company will seek formal development approval from

tion has drilled as uccessful oil year. The Sun Group plans to well in the North Sea which appraise its part of the field, in improves the chances for a concession 16/21a, later this £350m field development pro-

Pariners in BNOC's drilling venture, in concession 16/2lb, 16/21, next to North Sea Sun's are: BNOC (40 per cent), Arco Balmoral oil field, some 150 British (8.75 per cent), Arco Oil (26.25 per cent), Carless Exploration (12.5 per cent) and Gas and Oil Acreage (12.5 per

tested at a flow rate of up to Bechtel Great Britain has won a £65m contract to undertake Within the industry it was the engineering procurement eing said last night that the and construction management of a 138-mile natural gas liquids mersible rig Bendoran helped pipeline in Scotland. The con-to confirm the presence of im-tract for the onshore pipeline was awarded by Shell Exploration and Production as part of project to transport to Scotland natural gas and gas liquids from Brent and other fields in the northern part of the North Sea. British Steel Corporation is to

supply 20-inch diameter pipe for the gas liquids line, which will run between a reception terminal at St Fergus, near Peter-Although Sun is already build- head, and a fractionation plant

Life bonds lobby fails

and Associated Scottish Life income free of tax. Offices, the life companies' propersuade the Inland Revenue to act immediately on "secondhand" life bonds, a form of tax-Where an individual buys a

life bond direct from a life company the profit is subject to higher-rate tax. Where the investors buys the bond from an independent third party, however, it is an asset, not a life policy, and subject to capital gains tax in the same way as buying second-hand furniture. New indexation of capital

gains tax rules favour secondhand bonds for higher-rate tax. Member-companies have lost payers. This in effect, means business to non-members.

part of a package which the Scottish Office will present to

the four or five groups which

One of the problems which

a power contract for the elec-

tricity-hungry smelter has been

the length of time which any

Among potential buyers is

American Alumax Corporation,

which, despite earlier indica-

tions to the contrary, is still in

the running, according to offi-

Hopes of an eventual reopen-

ing of the smelter were raised

last month when the Govern-

ment agreed to underwrite the

cost of providing electricity to

Invergordon. The move

cials close to the negotiations.

THE Life Offices Association they can receive high levels of Members of the two profes fessional bodies, have failed to sional bodies are encouraged to use the tax concessions on life-contracts responsibly and not in

> gentlemen's agreement. Some life companies not members of the association, however, feel no such inhibitions. They encourage marketing of second-hand bonds. Most of these companies have kept a low profile in their information to brokers. Some organisations. however in the absence of Revenue action, are now marketing the bonds openly.

Hopes raised for Highlands' industrial casualties

of the Scottish Highlands-the His speech illustrated that the pulp mill at Fort William and Government is continuing with the Invergordon aluminium its tough approach to nationalised industries finance to smelter.

制度(1)200

Seasonally adjusted:

THE TOTAL out of work in the UK. including school-

leavers, fell by 38,000 in May

to 2.97m. Some 35.500 adults left the register, and the rest

were school-leavers. However, after adjusting for the usual

seasonal fall at this time of

year and excluding school-leavers, the total continued to

rise to 2.57m, an increase of

Wiggins Teaps in November 1980 with the loss of 450 jobs and the smelter shut last December with the loss of 850 Both closures were major

blows to the Highlands, where unemployment remains at a post-war record of over 13 per

Investigations into the reopening of both plants have inthe Highlands and Islands Development Board, the Government's industrial promotion agency for the north of

The mill was closed because it used a chemical process to produce pulp which was not suited to the requirements of

The increase in the seasonally

adjusted figure for the country

as a whole was 0.75 per cent

compared with the previous

month. The areas with a faster

rate of increase than this were

Northern Ireland (1.7 per cent),

Yorkshire and Humberside (1.15 per cent), the North (1.7

per cent), and Scotland (1 per

The board and the Scottish Development Agency commissioned consultants Inbucon to study the future of the wood processing industry in light of the closure and Scotland's growing supply of timber.

mill involves the production of yesterday they said the consul both pulp and a by-product called ligno sulphate. The originators of the plan believe there is a considerable demand for ligno sulphates, which are chiefly used as a binding agent in animal feedstuffs.

its annual report and officials Wiggins Teape has long disclosed that consultants have wanted to resolve the future of

John Robertson, a Highlands the four or five groups which businessman, and Mr Brian have shown an interest in the Elias, the plant's former chemist, to re-open the mill failed because they were unable to raise sufficient funds for its purchase.

not to encourage false hopes The proposal to reopen the about a reopening. However, tants had recomended that bankers study the proposals. yesterday of efforts to find a buyer for the Invergordon aluminium smelter, north-east of Inverness.

Potential buyers may be offered an electricity contract favourably reviewed a pro- the mill so that it can sell off covering up to five years as

artificially designed packages to avoid the purpose of the concessions. They have abided by this

Too much investment in the partial had yielded disappointing returns to the Government a nattern the Government was day on attempts to resuscitate had nation industrial casualties Mark Meredith looks at efforts to save a pulp mill and smelter posal to reopen the pulp mill disused equipment given certain market and production conditions.

> The pulp mill was closed by the adjoining paper mill.

Yesterday the board published

Various estimates of between special power tariff would £10m and £25m have been given for the cost of bringing the pulp mill back into production. Board officials are anxious

New details also emerged

Yesterday, Mr Robert Cowan the new chairman of the Highlands and Islands Development Board said last year had been the board's most difficult

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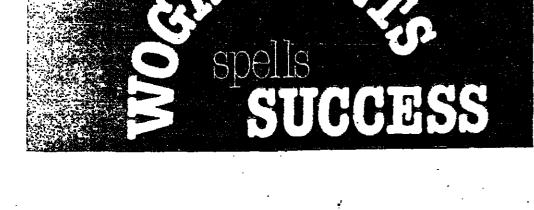
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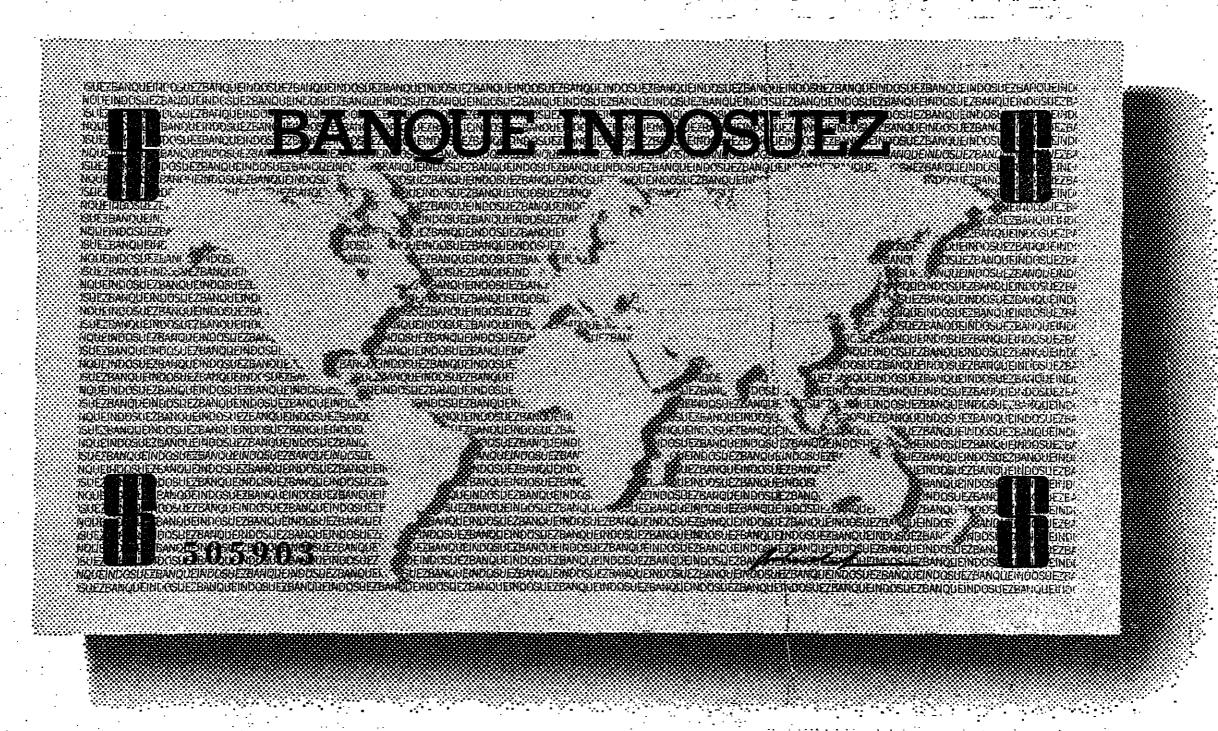
The board had recorded a loss of 7 per cent on its loan invest ment over the past year. Total assistance in the 10 years up to last December had reached 5142m at 1981 prices. This aid had created or retained an estimated 20,800 jobs in 5,400 projects.

Mr Cowan said that in the future the board would place more emphasis on encouraging smaller industries and would aim to reduce the Highlands' valuerability to recession by "widening the mix of indus-The annual report shows that

although the service sector has been less affected by the reces-Invergordon. The move was been less affected by the reces-designed to make rates for slow tourism, a key Highlands electricity at Invergordon industry, nevertheless declined, coincide with rates applying to Last year the number of overtwo other smelters in England. seas visitors fell by 7 per cent.



OPPORTINITY MINDED BANK. INDOSTEZ.



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BANQUE INDOSUEZ

UN call for ceasefire will face British veto

BRITAIN will not enter any peace negotiations and will veto any UN Security Council resolution calling for a ceasefire until Argentina's troops are with drawn from the Falklands, the Prime Minister stressed in the Commons yesterday.

Tory MPs cheered her firm stand on these issues, which was coupled with a denial that she is at odds with Mr Francis Pym, the Foreign Secretary, over the next moves to be made on the diplomatic front. Mrs Thatcher brushed aside

attempts by Mr Michael Foot, the Opposition leader, and other Labour MPs to highlight differences between her position and that taken up by Mr Pym in last Thursday's debate on the Falklands crisis.

She pointed out that the Foreign Secretary, seated some distance away from her on the Government front bench, had recently made five different speeches reflecting changing circumstances.

For this reason, it was not possible for her to answer with a simple "Yes" when asked if she agreed with any one of

The Prime Minister hit out at Labour MPs who interpreted her words as an admission that Mr Pym was constantly being forced to change his view.

It would have been amazing, she said, if circumstances had

idea of an elected assembly

with a power sharing executive,

in the province oppose them.

BY MARGARET VAN HATTEM, POLITICAL STAFF

government and support the the Belfast area.

MR JOHN NOTT, Defence Secretary, acted yesterday to consolidate the wave of public support for the families of Falklands battle

casualties by setting up a South Atlantic Fund. MPs, press and public have been pressing for some sort of organisation to "tidy up" the expected flow of funds and avoid some of the problems which arose because of vast donations following the Penlee lifeboat

But with the Falklands action continuing it is by no means clear what the relatives' needs will be, and which service charities should benefit.

The South Atlantic Fund, which will be governed by trustees not yet appointed, will act as a sort of "suspense account" to hold money to be shared ultimately among the various service and merchant navy charities, Defence Ministry official are sure the needs

will become apparent later on, and that if money is held in a central account it will be easier to organise a proper share-out.

They are anxious, too, that money should not he sent to newspapers or organisations

which may not be properly equipped to handle All donations should be sent to: The South Atlantic Fund, Ministry of Defence, Archway

Poll shows Ulster majority for Prior plan

Block South, Old Admiralty Building, London SWIA 1BE. In the Lords, the Government announced

that war widows and disabled servicemen are to be granted new rights in claiming housing benefits from local councils.

Town halls will be legally bound to disregard war widows' pensions and war disablement pensions in assessing entitlements to rate and rent rebates and allowances, the Earl of Avoz, Social Security spokesman, told Peers.

The new duty will replace local authorities discretionary powers to consider the pensions in assessing benefit rights, he said during the Report Stage of the Social Security and Housing Benefits Bill.

"The Government wholeheartedly agrees that local authorities should be able to disregard war pensions completely when they assess claims," he said.

"There is nothing economic or political in this," Lord Avon said after calls for the move

came from all sides of the House. He stressed that councils had always been

free to discegard war pensions. The right was simply being guaranteed.

A change would be introduced to the Bill at a later stage to effect the decision, he added.

To cheers from Government Islands, may soon be leaving of the sacrifices made by givable and unforgettable."

would together win 60 per cent

of the seats while the moderate

Unionists of the Alliance Party

This would take the combined

Unionist parties well over the

would win 17 per cent.

supporters, Mrs Thatcher told her critics on the Opposition benches: "I agree with the Foreign Secretary's speeches and he agrees with mine—totally unlike the Labour to the South Atlantic. She told Sir Jehn Biggs-Davison (Con, Epping Forest), who suggested that the Queen's representative should make an early return to liberated British The Prime Minister reaffirmed The Prime Minister also gave a hint that Mr Rex Hunt, the Governor of the Falkland

Restrict, That is a matter the Prime Minister reaffirmed that the Falkland Islands were a hint that Mr Rex Hunt, the Governor (Con, British sovereign territory and Basildon) warned that in view that the Government aimed to

British servicemen in recapturing the Falkland Islands any negotiations regarding their sovereignty with Argentina or anybody else would be "unfor-

Mr Sydney Bidwell (Lab Southall) suggested that consideration should be given in the longer term to allowing some Argentine families to live on the Falkland Islands.

New blow for N. Ireland devolution Bill MOST OF the people of 16 per cent oppose it. These independent North Ireland. cratic (Paisleyite) Unionists

phernalia of tyranny in place.

restore British administration.

She envisaged that after they

had been repossessed a good

deal of reconstruction would

need to be done. Then the future would have to be dis-

are not now more hostile to Argentina than before," she

Mr Martin Flannery (Lab,

Hillsborough) advocated a

cessation of hostilities so that

there could be discussions of

the future sovereignty of the

slands were numbered.

"I shall be amazed if they

cussed with the islanders.

By Margaret Van Hattem, Political Staff

THE LABOUR PARTY has indicated that it will oppose any attempt by the Government to while 29 per cent wanted continuation of direct rule. More send any agreement concluded surprisingly, only 9 per cent of in the assembly to Westminster for approval.

This could seriously comwith the Irish Republic while 40

This could seriously com-pound the Government's difficulties in getting the Bill through parliament. Tory back benchers opposing the Bill are convinced they have the tacit support of the Prime Minister and are lobbying energetically for a prolonged filibuster during the Committee Stage, which Commons tomorrow.

However, Mr Prior remains determined that the Bill should go through in the current session of parliament, and is expected to insist on a guillotine

Labour broadly supports Mr so carefully concealed in the Prior's underlying strategy but run up to the May local has strong reservations on some of the Bitl's provisions, and insists it would reconsider its position on a possible guillotine only if supostantial amendments

from left

Foot faces

leadership

challenge

MEMBERS OF Labour's bard left yesterday threatened to use the divisions in the Labour Party over the Falkland Islands as justification for launching a decisive challenge to Mr Michael Foot as party leader. An editorial in London

Lebour Briefing, a magazine edited largely by supporters of Mr Tony Benn, accused Mr Foot of adopting a "pathetic and hypocritical" position. It claimed that many would

islands, possibly under the aegis of the United Nations. now feel "quite justifiably" that Mr Foot was not the right man to lead Labour into the He also questioned the "connext General Election. His role in the whole Falkland Islands affair it said had been fident assertion" by Mr John Nott, the Defence Secretary, on Monday, that the days of the "hugely damaging to the Argentine garrison on the

Labour movement."
The magazine said this year's annual conference would be the Some people, he said, might think that the Defence Secrelast opportunity to replace Mr Foot before the election. Pres-sure, it said, was bound to grow tary had been over confident.

Mrs Thatcher retorted: "Do you not want those days to be for someone to come forward and challenge him for the leadership as "such weak, de-She argued that a ceasefire would leave the invader in crepit and clapped out leaderoccupation and the whole paraship was an electoral liability." The obvious candidate for the

far left to run against Mr Foot would be Mr Tony Benn, who has throughout the Falkland Islands crisis attacked the shadow Cabinet's support of the Task Force, but Mr Benn has apparently made it clear, to those who organised his bid for deputy leadership last year, that apparently made it clear, to those who organised his bid for deputy leadership last year, that he does not at present want to be involved in any challenge to Analysis starts at the 33 MPs Mr Foot. Many of those who backed him for the deputy

Nevertheless, the editorial is symptomatic of the anger among some party activists with Mr Foot's handling of the Falkland Islands situation. Over the last few weeks, several activists have been saying privately that Mr Foot's attitude could justify

leadership last year share this

a leadership challenge. In the past, Loudon Labour Briefing has put very beavy pressure on MPs to follow their line and the editorial could well point to problems ahead for Mr

It claims that Mr Foot's weak leadership was also apparent in the council elections where his national unity stance actually encouraged those who felt they had to use their vote to express support for the Government and its national war effort.

In a passage which many MPs will regard as particularly offenif it proves necessary.

Indications are that the that has been spilled is on the Government Whips are pre-hands of those Labour MPs who paring for a very close vote on supported the Government." a guillotine motion, but are The general tenor of the determined to force it through. editorial seems certain to add They appear likely to have the to the tension between Labour support of the Liberals and MPs and the hard left, and reopen the divisions which were

> Labour's shadow cabinet and the party's national executive committee agreed yesterday to fication of the English-patriot look again at the state of the strand in Labour, and Mr 500-page Labour's Programme for 1982, now in the process of being endorsed by the executive as a preliminary to putting it to this year's party conference. Mr Foot said the shadow Cabinet wanted to know more

Opposition rifts deepen

Labour's class war of raw nerves

BY PETER RIDDELL, POLITICAL EDITOR

notably about the position of union leaders.

Labour has had to reconcile disparate strains of neo-pacifism and a willingness to use force World War and the Korean war. Some observers—George Orwell in his war-time pamphlet

The Lion and the Unicorn, for instance—have seen a contrast between working-class patriots and rootless middle-clas lectuals. There is something of this in the current Labour debate over the Falklands. In favour of

more sanctions

who opposed Government policy

in a Commons vote last Thursday, against the party leader-ship's advice to abstain. That number is probably less than all the so-called peace party in Labour, which opposes the send-ing of the task-force and favours intensified economic sanctions against Argentina. This is partly because many MPs were not at the Commons that day.

More than 80 MPs supported an earlier motion, sponsored by Dame Judith Hart, to call for an immediate truce, though this

was worded so as to attract the widest possible support.

The 33 MPs are a far from homogeneous group, though they include a significant number of Scots. They certainly take in the hard core of Mr Bem's supporters in parliament but also include neonle of ment but also include people of notably independent mind, such as Mr Tam Dalyell and Mr Andrew Faulds-the latter pricing himself on not being a member of the "loony left." Within the shadow Cabinet. Mr Eric Heffer, no friend of Mr Benn, sympathises with the group's general approach At the opposite end of the spectrum, there is a sizeable

the Government's approach and is sharply critical of Mr Benn. This group cannot be quantified, though prominent among them are Mr Peter Shore, the Shadow Chancellor and personi-James Callaghan. The group also includes many working-class MPs with war service. There has been little difference in practice between this group and the majority of the party, which follows the lead of

THE FALKLANDS crisis has - their conditional support for touched raw and deep nerves the Government being within the Labour Party over dependent on its pursuit of a the use of armed force, and has negotiated settlement. This has intensified existing divisions, also been the view of many

Mr Tony Benn:

For Mr Foot and many on the
Labour has never been partraditional left (including noted) ticularly comfortable with any nuclear disarmers, such as Mr thing to do with armed conflict Stan Orme), the dispute raises because of the party's long clear moral issues. Argentina commitment to disarmament. is obviously the aggressor, it is Indeed, the Ministry of Defence ruled by a military junta and has, with the exception of Mr Britain has acted in conformity Denis Healey, usually been a with its obligations to the side-turning, rather than a United Nations. That is why route to the top for Labour Mr Foot has said the issue is entirely distinct from the Suez Faced by the fact of war, crisis, and why he has abour has had to reconcile dis-denounced attempts to make such a comparison in the newly-Bennite Tribune as "infantile

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The core of Mr Foot's speeches has been the role of the UN. He might have faced an acute dilemma because of the escalation of military conflict, if the choices had not been simplified by the breakdown of talks last week. As it is, Labour leaders are against insistence on further negotiations.

Labour may be reassured that, despite its poor results in local elections this month, its showing in opinion polls seems to have bottomed out at about or a little more than 30 per

Strong views of the activists

How far the balance in Parliament is reflected in the party as a whole is impossible to say. Many MPs, on the left and on the right, say that working-class views in their local Labour clubs are often strongly in favour of the task-force and against Mr Benn, However, the views of the activists who run constituency parties, especially in the big cities, appear much more hostile to the use of force -to judge by various left-wing weeklies, for example.

- The dilemma for Labour is

that summed up in Aneurin Bevan's comments at the time of Suez, as reported by the late Richard Crossman: "If we do not take care, we shall turn the working class against us. There is no reason why, in attacking the Tories, we should commit ourselves to the view that all UN decisions must be accepted and that all recourse to force must be opposed as aggression. What makes the Labour Party go wrong in foreign affairs is that it takes its policies from middle-class intellectuals, devoid of antennae and with a dreadful habit of falling down and worshipping abstractions."

Pollution battle for London

GREATER London Council is planning to step up its work against pollution in the capital, concentrating on the worst blackspots. A threepoint plan has been produced consultation with the Mr Michael Foot and Mr Healey London boroughs.

The poll finds that 60 per cent 35 per cent of the sample opted of the 1,000 adults surveyed for integration with Britain, want a new elected assembly: 25 per cent for a continuation 33 per cent strongly favoured of direct rule, 14 per cent for the idea and 27 per cent are federation with the Irish "somewhat in favour." Only Republic, 9 per cent for an

according to an opinion poll volving an institutionalised published in the Irish Times. share of power between

ublished in the Irish Times. share of power between The poll provides much- Unionists and Nationalists, 55

neeed ammunition for Mr James per cent were in favour and

Prior, the Northern Ireland only 21 per cent opposed the Secretary, in his battle to get idea. Significantly, the sectarian

his devolution Bill through breakdown of the figures shows Parliament. It confounds the that 45 per cent of Protestants

arguments of many of his critics favour power sharing, 24 per

on the Tory back benches, who cent are undecided and only say his plans are doomed to 29 per cent oppose the idea.

failure since the vast majority Given a range of alternatives

on financing local government local autonomy. only 40 were in favour of the status quo.

Mr King said he was looking carefully at arguments by many specialists in favour of supple- priate

management

taking place in Industry.

Money Management 7 Day Rate Update

Support for alteration in

to an elected assembly, however,

Northern Ireland want devolved are mainly Catholics living in Only 17 per cent found none

On the more contentious

question of power sharing, in-

Local Government, said yester- a local income tax. Such a comday that of 1,130 submissions on bination would boost local

a wide consensus for change, desirable that it should have a The submissions were being wide degree of public and bi-

councils and local government Party "did not feel it appro-

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format allows for immediate expansion to include any innovations that are

is strikingly simple to use, it contains all the facts you need, and will doubtedly prove to be an invaluable working tool for anyone who works in

the Government's Green Paper revenue capacity and increase A programme of comprehensive and substantial reform He told the Commons Environ- would stretch over more than

partisan support.

The Liberals and SDP had submitted papers but the Labour

ment Committee that there was one Parliament and it was highly

they receive.

local government finances benefit school leavers

sible for school and college leavers to become self-employed sub-contractors in the construction industry without having tax deducted from the payments

territory, "that is a matter

of these alternatives acceptable.

showed, not unexpectedly, that

wanted integration with the UK

almost half the Protestants

of direct rule.

The sectarian breakdown

At the moment the tax is deducted at source unless the sub-contractor holds a special

tax certificate. But in order to obtain a certi-

with the Irish Republic while 40 per cent opted for continuation Labour Party, the only major The poll, conducted in 88 only 18 per cent of the seats, so

The Social Democratic and nationalist party, could expect

Tax certificate change to BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR TOM KING, Minister for menting the rating system with CHANGES were announced employed for three of the pre-Local Government, said vester, a local income tax. Such a com- yesterday which make it pos- vious six years. vious six years. The new arrangement, foreshadowed in the Budget, is intended to remove this anomaly and make it easier for them to get work experience in

the building industry. When it comes into effect in December a period of full-time education or training will be taken into account Mr Nicholas Ridley, Financial

ficate which allows the tax to be Secretary to the Treasury, has paid at the end of the financial added a clause to the Finance Bill to bring the changes into vear a person must have been continuously employed or self- effect.

centres across Northern Ireland in the second week of Mzy, is an interesting pointer to the make-up of the assembly likely to be set up this autumn if Mr prior's plans proceed.

Indications are that the two chance of imposing a veto with head line University are the court the symport of the Official hard-line Unionist parties — the out the support of the Official Official Unionists and the Demo-

Social Democrats.

were conceded in advance.

At the same time, Labour MPs concede that it would be politically impossible for the Government to concede these amendments and retain the support of the vast majority of its own back benchers.

than it was during, say, the

Neither of the Conservatives'

tried to switch attention to

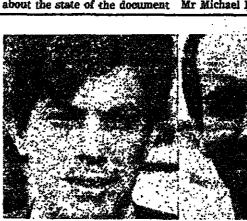
other matters like unemploy-

ment, which they have insisted

will remain long after the Task

Force has returned to base.

Crosby campaign.



THE CANDIDATES: left to right-Tony Blair, Labour, Tim Smith, Conservative, Paul Tyler,

main opponents have been able about unemployment and inflation in the constituency, despite its generally prosperous exterior, but the Liberals admit they have found that in the current mood of national pride, people do not want to be reminded of the things that make Britain less than Great.

Equally, there seems to have been little mileage in the argu-Mr Tony Blair, the Labour candidate, has campaigned on the full range of Labour poliment-used by both the Labour cies-including a non-nuclear and Liberal leaders when they defence policy, the alternative came to the constituency-that economic strategy, and with-drawal from the EEC. the Falklands problem would not have arisen in the first place

In what could be a sign of a longer-term change of attitude, far less people are enthusing about the "freshness" of the Alliance, and far more about its lack of

an engaging open manner, he ernment. has for the most part put his

the Liberal candidate, has, with the backing of the SDP, been daily preaching the gospel of moderation, and trying to stir Once up what he believes is underlying discontent about the Government's handling of the economy. There is certainly anxiety

A 28-year-old barrister with but for "blunders" by the Gov-Mr Smith has replied to such

arguments across well. As far suggestions by Saying, with a as the travelling media circus slightly injured air, that the is concerned, his big success has time for post mortems is not been making one real local issue while the troops are in action.

—gravel pits—his own.

Mr Smith, a 34-year-old Meanwhile, Mr Paul Tyler, chartered accountant, has proved himself to be a competent, and politically deft, can-

been quite happy fighting the Labour vote. by-election on the Govern-Government's policies.

unqualified welcome from former Tory voters. On the doorsteps there are complaints about inflation, unemployment and rates, and these will be South Atlantic. But the Falklands issue is

likely to restrict to a minimum the usual mid-term protest against the Government and discourage Tory voters from experimenting with a new party.

longer-term change of attitude, far less people in Beaconsfield about its tack of policies. At the start of the campaign, the Liberals' prime objective

was to squeeze dry the Labour-vote—around 20 per cent in 1979. But even in this, they may have been thwarted by the Tory and Liberal canvassers

He claims he would have substantial intoads into the

Labour campaign managers ment's record on the economy admit that their job has been alone, and has duly gone made more difficult by the way through the full gambit of the the Falklands issue has reinforced the idea of a divided He has had by no means an party. Both Labour and the Liberals

admit that the Tories will coast home tomorrow, though they disagree about who will come defections to the Liberals. Some second. Canvass returns sugvoters, particularly women, gest it will be the Liberals, have also voiced reservations though there are still a large about what is happening in the number of "don't knows" who could go either way, depending on the news from the Faiklands. Even so, the Tories look fairly certain of a majority well

into five figures. Whatever happens, the Toties' opponents will be able to claim with some justice that Beacons-In what could be a sign of a field is a freak result, and both parties were already preparing their excuses yesterday—Labour are enthusing about the "fresh- has a particularly good one in ness" of the Alliance, or the that the FA Cup Final replay

Government. Even so, the regarded Beaconsfield as a much Liberals will probably make safer haven than Glasgow.

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BEACONSFIELD BY-ELECTION

Conservatives set to sail home on a surging tide of patriotism

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

shopping street, I eventually came across, rather in the manner of an entomologist discovering a rare species of butterfly, a man who described himself as a "lifelong Liberal."

He had, he said, voted Liberal since 1959. But this time, he wasn't sure. As a advantage, military man, he said, he was Its basic thinking of supporting the Government.

Such is the tide of pro-

Government feeling, generated unspoken, but quite clearly by the Falkland Islands crisis, understood rider, "in its hour which faces the Liberals and Labour in tomorrow's Beaconsfield by-election. The issue has dominated the campaign to the exclusion of practically everything else, and left the other parties impotently fuming about the Tories "wrapping themselves in the Union Jack."

The Liberals, who only two months ago thought they had a good outside chance of overturning the Conservatives' 21,495 majority, would now be relieved to come an "honourable second" which means cutting the majority to under 13,000.

The Labour Party, which never expected to do anything but badly in this true blue corner of southern England,

> HELP US LEAD THE FIGHT With more research and patient support programmes than ever before—yet still the lowest pressible running costs. 94% of all donations go to helping; our visit work nationwic a Please send to: LEUKAEMIA RESEARCH FUND

AFTER ABOUT an hour accost- would claim a success if it stand the woman" but this reing people in a Beaconsfield managed to push the Liebrals action is far less in evidence into third place, The Tories insist, in a states-manlike manner befitting the

situation, that they have not been cashing in on the Falklands crisis. But to put it at the very to find a way of dealing with least, the party has undoubtedly the Falklands factor. Both have used the crisis to maximum Its basic message has been "support your Conservative candidate and back your Con-servative government," with the

of need." The Prime Minister herself has said in a message to the electorate now being pushed through every letter box that she hopes the electorate will "demonstrate their support for the Government's absolute response to the crisis in the South Atlantic, and for our

policies at home. In the same leaflet Mr Tim Smith, the Tory candidate, claims that the "determined resolution with which the Government has tackled the Falkland Islands crisis is indicative of the whole approach of Mrs Thatcher to every problem that Britain has faced over the last three years."

The signs are that this essage has got through and that Mrs Thatcher's handling of the crisis has affected perceptions of her in other policy

People talk admiringly about how "firm" she has been, and tell you this is just the kind of approach that is needed to solve Britain's domestic problems like unemployment and inflation. You still come across people who say they "can't

policies

Government.

has given up his membership of the Tory Reform Group on the grounds that he did not like the way it "sniped" at the

Falkland factor. Once regarded as a "wet," he

claim to have met die-hard Labour voters who will be voting Tory this time in support of the

"new approach" and far more in the evening may keep some voters in front of their television sets. But freak or not, the result will be a disappointment to the Affiance, which hadly needs a boost to morale. The one person who might have cause for private relief is Mr Roy Jenkins, who but for the fact that he was aiready a candidate for Glasgow Hilihead at the death of Sir Ronald Beil, might well have

 $_{\rm low}$ drillin

What you're looking at is no Sea of Tranquillity.

Neither is it a scene from the imagination of some science-fiction artist (although we commissioned one of Britain's finest sci-fi artists to paint it).

It is what you would actually see if the waters of the North Sea suddenly became invisible.

Silhouetted against a huge moon are the four giant production platforms that form the core of the Brent oilfield.

The Brent Field, operated by Shell, lies far out to sea, roughly halfway between Scotland and Norway, and about 100 miles northeast of Shetland.

The painting shows (from left) the production platforms Delta, Charlie, Bravo and Alpha, each towering well over 700 feet above the seabed in its steel, or concrete, socks.

They are built to withstand onehundred foot waves and winds gusting up to 160 mph while continuing to collect oil and gas, 24 hours a day, from rock depths lying some two miles beneath the sea-floor.

Floating in the far distance (bottom right) is the drilling rig Stadrill, prospecting for oil in another part of the Brent Field.

And riding the invisible seas with contemptuous ease (top right) is the 23,000 ton semi-submersible, pipe-laying barge Semac I.

FLAGS: a major new gas-gathering scheme in the North Sea.

We used Semac I to lay one of the world's longest, largest, deepest undersea pipelines. (The painting shows the pipe being fed over the stern of the barge and trailing down to the seabed.)

The pipeline is the backbone of a major new North Sea gas-gathering scheme known to the oil industry as FLAGS: Far North Liquids & Associated Gas System.

It will enable us to bring ashore the substantial and hitherto untapped gas reserves of Brent and other oilfields in the northern North Sea.

The FLAGS pipeline, 36" across and made of steel coated with concrete, runs 280 miles along the seabed between the Brent Field and St. Fergus in Scotland.

Laying it was an astonishing feat.

The North Sea is no millpond. It is quite the most hostile stretch of water the oil and gas industry has ever tackled.

Much of the pipeline was laid in appalling weather: force 10 gales, thick fog rolling in the troughs between giant waves, zero visibility.

The FLAGS system will before long be supplying some 12% of Britain's gas needs. (The Brent Field already supplies about an eighth of Britain's oil.)

But neither statistics nor adjectives (nor the vastness of our operating costs) can ever give you a real sense of the scale and scope of our work in the North Sea.

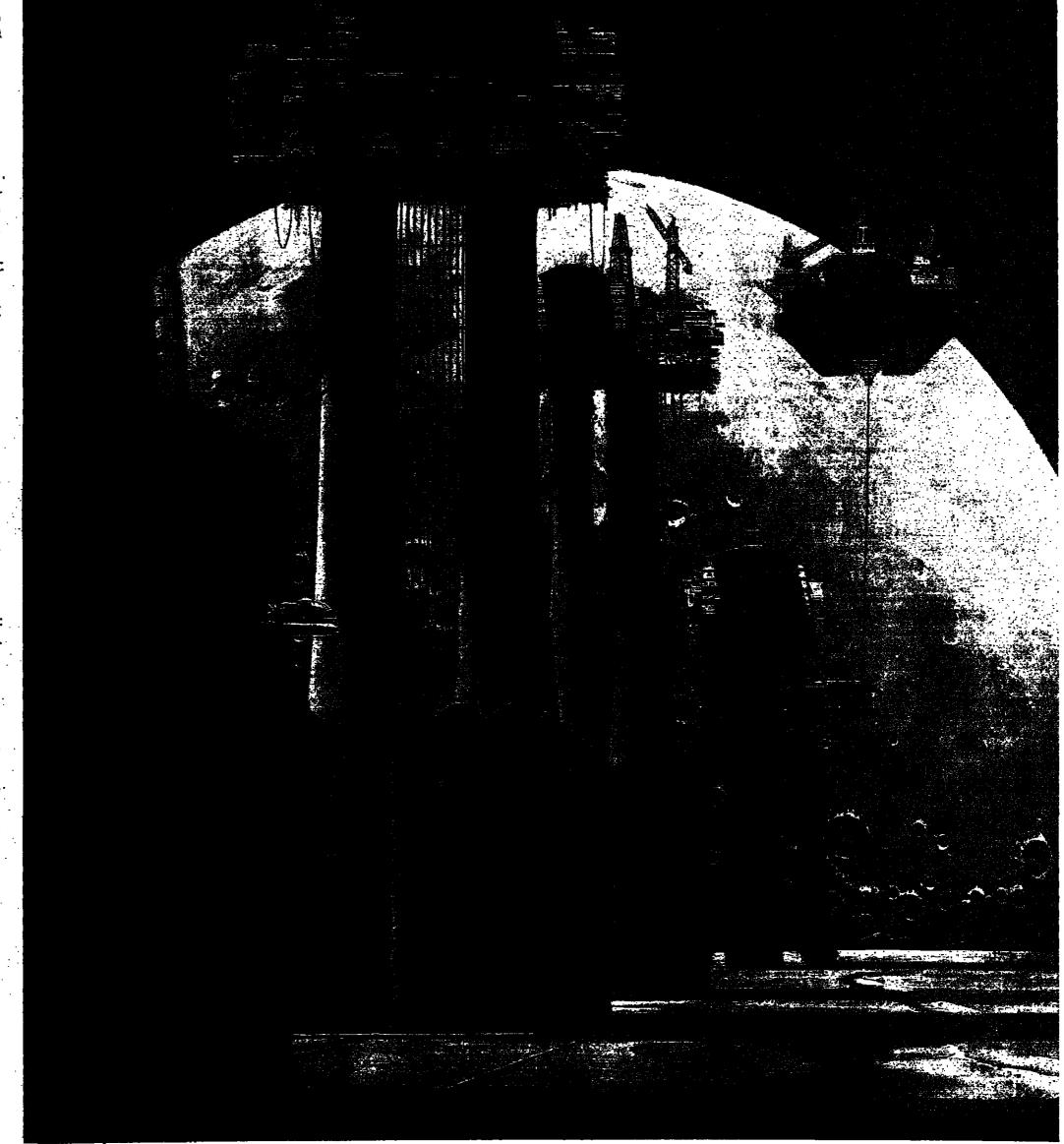
The Brent Field: an offshore oiltown.

The Brent Field, for instance, does not simply consist of the four great platforms attended by a pipe-laying barge and a drilling rig or two.

Several other giant structures(like the floating oil-storage and-loading facility, Spar) are nearby. And platforms may be attended by 'flotels' (floating hotels) and semi-submersible diving barges.

Tugs, tankers and supply boats ply the surface, the latter bringing in everything from drill-pipe, cement for well-casing and drilling mud, to food and fuel.

Under the surface, mini-subs and diving-bells are at work. While in the skies, helicopters constantly come and go,



bringing in vital tools and flying drilling crews and other technicians in and out.

Our platforms and rigs are crewed by over 3,000 men, who manage to tuck away well over 100 tons of food each week.

Power to keep the big platforms working is generated by turbines similar to those which fly large jet aircraft.

Computer banks continuously receive and process information about subsea oilwells and the many working functions of each platform, key data being relayed simultaneously to the platforms and Shell headquarters in Aberdeen.

The cost of these operations is so immense that it beggars description.

One way of putting it is that Shell's expenditure in the North Sea has amounted to more than half a million pounds per day, every day for the last eighteen years.

When we add up our chequebook stubs, our total investment to date works out at more than £4,000 million in 1981 money. Those figures double when you include the sums invested by us on behalf of our partners.

A conquest to rival the moon-landings.

Although there are projects which cost more, in terms of sheer technological innovation there is no other achievement on earth to match the conquest of the North Sea.

We have pushed back the limits of technology so far that the only feat which invites comparison is otherworldly: the placing of the first men on the moon by NASA's Apollo space programme.

As a matter of fact, the computerroom that monitors our operations has a great deal in common with that famous control-room in Houston.

And Shell is proud to be in the forefront of an endeavour which only twenty years ago, would have been dismissed as pure science-fiction.



You can be sure of Shell

Space spin-off may unearth those hidden old masters

BY MICHAEL DONNE

DETECTING Old Master paintings that may be hidden underneath the paint layers of later, lesser works has for long been achievable by means of X-ray photography. The problem confronting art bistorians and gallery curators is to obtain clear enough images to enable the hidden works to be studied in sufficient detail to discover , who painted them, and when, The physical separation of one layer of paint from the other is impossible without arreparably damaging one or the other of the works of art.

Now space scientists at the S. National Aeronautics and Space Administration's Jet Propulsion Laboratory Pasadena, California, working with art conservators of the Los Angeles County Art. have technique of developed a "separating" those layers of paint by using X-ray photography allied to what is "computer enhancement."

Derived from the computer processing of photographs heamed across many millions of miles of space from interplanetary spaceeraft, this method first involves devising a computer programme in conjunction with X-ray photography to minimise the appearance of the grain pattern of the wood or canvas on which the original work was

Next, a photograph of the top, visible, painting is matched with another X-ray image of the hidden underpainting. The computer detects any brush strokes from the top version that match precisely the hidden under-painting, and then "sub-tracts" them from the X-ray image of the under-painting. By a continuous process, it is climinate most of the traces of the top painting, leaving the X-ray image of the hidden painting in greater clarity of

This method ensures that there is no physical damage to either painting, while enabling conservators to study much greater detail, perhaps enabling them to identify its painter and to date it.

The technique has been used to separate and enhance

the image of a painting found to exist beneath a 17th centuring oil painting of The Crucifizion, by an unidentifled Flemish Master, showing Christ being lowered from the Cross.

Eliminate

The under-painting, directly on to the 16 by 24 inch panel, has been found to depict a man and a woman seated at a table, dressed in 17th century clothing, in a room lit by sunlight through a win-

This method of "com-

puter image enhancement" is expected to be carried much further, for example in helping to date old paintings more precisely. Dencrochronology, based on the number and character of tree rings, usually requires shaving part of the panel. Computer en-hancement of the wood grain of a panel would eliminate the need for such mutilation.

The JPL project cost \$35,000, helped by a grant from the Armand Hammer Foundation and the California Institute of Technology's President's Fund.



Restoration, but what might be hidden beneath the paint layers? Computer image enhancement may help the

Computer matching for fingerprints

BY GEOFFREY CHARLISH

well has been purchased by the De La Rue Company of London. A new company, De La Rue Printrak has been set up in Anaheim. California, where product improvement will continue and from where systems will be made available worldwide.

The system, which takes prints digitises them, and then looks for a match among a large number of similarly digitised prints held on electronic file, is already operational in seven installations in the U.S., Canada (the Royal Canadian Mounted Police) and Brazil.

Scotland Yard has examined this system and two others that

Liquid valve

PRINTRAK, the computerised will be ordering one of the nicians are employed for the store of points marked with finger print matching system latter. The Yard has been using purpose, developed in the U.S. by Rock- for some time a system in The P for some time a system in which print images are examined manually and subsequent comparisons made by computer after further data entry by the

> Many police forces still use straightforward manual comparison, which requires a great deal of manpower to achieve results quickly. According to De La Ruc, the criminal fingerprint file at the FBI has grown to more than 75m cards, representing more than 21m people. Some 24,000 cards are received by the Bureau each day and about 15,000 of them must be

The Printrak equipment uses modern solid state storage and on screens, the data extracted logic to make automatic com-

finger print image is read directly from card or paper input It is scanned and each picture element in each line given a digital code, which is Minute detail can then be

examined by the machine. It looks for bifurcations (splitting of fingerprint ridges) and for ridge endings and marks their positions on the image, holding

It then becomes a relatively straightforward matter for the

computer to match this map with any other with which it is presented. - Statistical correlations are carried out, so that the machines might produce, say, Because the system uses only

a comparatively small amount of data, "boiled down" for each print, it can be sent over a telephone line to a remote location fairly quickly and cheaply. Printrak scans each new indi-

vidual print in less than one second. In that time it enhances them also in storage. In addithe image to give better contion, it maps out the directions trast between the dark and light of the ridges at the above areas, edits out parts of the have been developed in the UK searched against existing files. places and memorises them, print that are unreadable and and it is understood that they Apparently some 3,000 tech- too. Thus, a map is held in carries out the detail plot.

Veg grader

A large capacity version of the Cranford in - line vegetable grading system has been section with an access width of

Implanting ions at Lucas

THE Lucas Research Centre at Shirley, West Midlands, is about to take delivery of one of the first two industrial ion implantation machines to be built.

The machine, which cost £100,000, was built by Hawker Siddeley and is a development of an early prototype made at the Atomic Energy Research Establishment, Harwell, and is specifically designed as a commercial industrial machine for treating engineering tools.

High energy

Lucas claims to be the only company in the world carrying out the ion implantation pro-

If a steel material is subjected to a bombardment of very high energy (100 keV) nitrogen ions, a layer of "nitrogen implanted" material will build up just beneath the surface of the steel.

This layer is very hard and helps reduce the wear_rate of

tool materials.
Lucas reckons, for example, that a nozzle used in plastic moulding went from a life of eight weeks to one of two years (and is still in working order).

The treatment could be employed for the materials used for press tools, cold stamping tools and lamination tools as well as for plastic moulding It is suitable only for the

material for some cutting tools because when a temperature of 450 degrees C is reached the ions diffuse out.

 $\sum_{i\in I} |B_i(x_i)|^{2/3} \leq C$

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Finished tools

The advantage claimed for ion implantation are that, since lons are implanted into rather than plated onto the tool, no significant dimensional changes occur. So the process can be applied to finished tools.

Because the process is a low temperature technique, tools do not require post processing heat

Lucas intends to develop the ion implantation process at its research centre to exploit the possibilities the initial work has already highlighted. These developments offer the pros-pects of reduced friction, wear and corrosion plus extensions in

More from Lucas on 021-554



Jarring the oil drillers

ADVANCED oil-drilling which, it is claimed, has a combination of features not found in other equipment of its type is to be marketed in Europe Weir Houston Engineers of Aberdeen. The company is jointly owned by Weir Pumps of Glasgow and Houston Engineers based in Dallas.

The Hydra-Jar (pictured left) is a heavy duty impact tool which forms part of the lower drilling assembly of the drill string. It delivers high impact forces to release elements which become stuck during drilling operations.

The designers say that it is the first hydraulic double acting jar (able to jar up, up and down. or down only). The unit is designed to

operate in deep holes for long

periods in the most severe conditions and can be used for on or offshore operations. The Hydra-Jar is available in a range of five sizes with outside diameters from 41 to 94 in.

THE Roll Seal valve consisting of only two components-a onepiece cast stainless steel body and an elastomeric liner—bas been designed for liquid control in the chemical processing. water supply and brewing industries.

It is available in seven sizes with interchangeable flanges. Working loads are from 75,000 | Full technical details from up to 160 mm diameter, and SIHI-Ryaland Pumps (061-928 the handling system

German lathe

West German built lathe, the MSC 1.2 twin spindle mode has been added to the EMAG ~ turning range of CNC turning machinery by Warner and Swasey of Birmingham (021 622 1581) The machine can accom-

modate chucks up to 200 mm diameter, produce components manipulate parts up to 8 kg. | More on 0632 888169.

following points...

£10,594M

Sound cleaner

A method of cleaning venetian blinds using sound energy to dislodge grease and dirt has been announced by Gateshead company. Sonic Clene. The unit costs £6,000 and machines have already been exported to Japan and the U.S.

The company is hoping to can build about 350 units a year

designed with a dump/feed hox nine feet to handle produce. delivery trailers at the maximum permitted road width.

Cranford is at Mere Platt

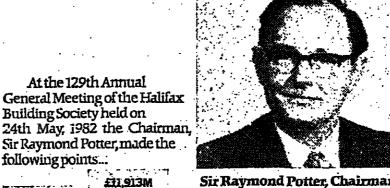
fatigue life.

North Wales Ouegas ferry Blazing a trail at the frontiers of technology—and they have chosen to do so in Clwyd. They are not alone, over 200 new firms have done the same in the last 4 years. "When considering our company's expansion plans, we looked at many areas throughout the country. Our final decision to choose Denbigh resulted from the excellent help we received from Chyd's Industrial Development Division and the other industrial development agencies. We found an ideal factory with room for expansion. This, coupled with our ability to recruit skilled staff, and the various financial incentives that are available, convinced us that Chyd was the ideal centre for our operation." Angus Mackinson, General Manager, Brangles Ltzl, (a subsidiary of Pfikington Brothers PLC) Replacing steelmaking and other traditional staple industries over the last decade, Clwyd has built up a fine reputation as the place to be for expanding businesses or brand new ventures. We have a skilled and highly trainable workforce, as these companies have discovered for Certainly the fine new motorway and dual-Certainty the line new motorway and dual-carriageway links to the central motorway network are vital for distribution—15 million customers are just two forry hours away. Or perhaps they were attracted by the maximum financial incentives provided—maybe they liked the environment—or our excellent labour relations record—or the notable absence of red There are many very convincing reasons which you will find set out in our colour brochure. For your copy contact Wayne S Morgan, County Industrial Officer, Cwyd County Council, Shire Hall, Mold, Clwyd, North Wales. Tel: Mold (0352) 2121. Telesc 61454

offers you great potential in North East Wales

HALIFAX ASSETS TOP £12,000 MILLION

£18,000 a minute lent on mortgage every day...and a new investment account opened every six seconds.



Sir Raymond Potter, Chairman. require.

During the Society's financial yearwhichendedon 31st January, 1982 the assets increased by £1,319 million and now stand at over £12,000 million. 31st JAN 1981 31st JAN 1982 Gross receipts were

a record, and the Society advanced on mortgage more than ever before-and indeed more than any other building society or, for that matter, any bank. £18,000 a minute in every working day. On the

investment side, new accounts were opened at a

ASSETS

rate equivalent to one every six seconds in the working day. We have, of course, been aware for some time of the multifarious investment offers presented to the public by building societies and other

financial organisations. The realisation that people were becoming more and more confused by these offers prompted us to create the Halifax Money Plan as a simple and straightforward way out of the money maze. Our new range of products for investors has

been welcomed by the public and our experience their own homes.

since the introduction of the Money Plan on 1st March has shown that the rates of interest we offer and the various facilities linked to the range are what the vast majority of the public

Quite apart from the funds we set aside each year for lending on new houses, the Halifax continues to play a major role in providing funds for the improvement of existing houses. In the last financial year we increased by 30% the amount we lent to existing mongagors for improvements to their homes.

Throughout 1981 the Halifax was the leading provider of funds for what is known as the support scheme to replace lending which had hitherto been carried on by Local Authorities, generally on older homes:

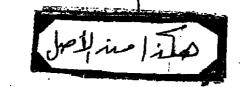
Recently we announced a special scheme to Our lending totalled £2,170 million or over helpfirst-time buyers make an early start in home-ownership, which permits advances of up to 100% of the purchase price. This enables applicants to borrow more than normal against income, substantially reduces their monthly payments during the first three years of the mortgage and provides free life assurance cover over the low start period.

Almost half the advances we make are to firsttime buyers.

Indeed our long experience of providing a mortgage service to all sections of the community results in the present position where the Halitax is helping over one million families to own

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proposal would only threaten the communed viability of all

the plants rather than just Shildon, Horwich in Manchester

and part of Swindon, which are all affected by the present cuts.

Government. The more cynical

point no the fact that Shildon

is a staunch Labeur area.

Perhaps significantly though

there is among them little of

the personal venom nowards Sir

Peter Parker, BR chairman, which has been so clearly dis-

played by many BL workers lowards Sir Michael Edwardes

Accordingly, the Shildon

campaign has been about in

vestment and about cost. Local union leaders argued that local authorities will lose about £700,000 in rates from the closure. Taking Treasury figures, they show that the cost

of 2,500 long-term unemployed

will be about £12.5m a vea

even without the cost to BR of

redundancy payments. They say

the cost of winning each replacement job to the north-east will be about £10,000 a

Many see the example of the

derelict steel town of Consett,

less than 20 miles away, as a

clear indication that such hard facts will not wash with this

the NUR's ability to win the

campaign, and point to the failure of the union's efforts

last year to stop the closure of

Manchester-Sheffield-Wath

over his planned closures.

Shildon workers blame the

مِلَدًا مِنْ لِأَصِلَ

A rail town fears end of the line

TWELVE O'CLOCK. Outside a factory gate, few people stir in the grey Friday heat. Suddenly, from the gates pours out a stream of blue overalled figures, who swarm across the road to

the working men's club. Inside, though, the end-of-theweek feeling is tempered by the grim reality of looming unemployment. For this is Shildon. County Durham, a town facing

a death sentence. BR, already faced with further trouble from the train drivers' union over flexible rostering has enraged the more moderate National Union of Railwaymen with its plans to close the engineering works at Shildon by April, 1983, with the loss of 2,600 jobs. The NUR has given warning of its intention to take industrial action from June 7 over the issue.

"the shops" as they are univer- another. The Timothy Hakworth sally known in Shildon, will be named after the great railway devastating. A new report pre- engine builder. pared by Durham County land area, at present 17.5 per itself, it will soar from 14 to growing up. 50 per cent—the highest single

proudly in the railway museum. injury. In and around the large adapted to making carriages. In A little further on again is Shildon working men's club, any case BR argues that this

Philip Bassett looks at the mood of workers as Shildon faces BR cuts

Northallerton, birthplace of the craftsmen proud of their work young Sid Weighell, who grew up to become NUR general secretary. Mr Weighell used to trial relations, and tell you how neighbour. West Auckland, and invited shop stewards from his mother still lives in Northal-Shildon to visit its other works

Shildon itself is steeped in railway history. As a brass plate improve competitiveness. bung outside the shops proclaims "from Shildon, near this site, the Stockton and Darlington Railway Company, on the 27th September, 1825, ran the first passenger train drawn by a steam engine."

Across the road from the gates stands a pub called the The effect of the closure of Locomotive. Along the way is

Many of the workers in the Council estimates that male un- Shildon shops followed their employment in the Bishop Auck- fathers and their grandfathers there. For many, the prospects cent, will rise to 30 per cent of their sons following them was if the shops close. In Shildon as natural and inevitable as

Now all that history is to be mainland unemployment rate. rudely cast aside. For the work-slimmed down and the work. Shildon is a railway town in force—500 of whom planned a spread over them all. a railway area. Down the road protest march in London yesteris Darkington where George day over the closure-the feel-Stephenson's first train stands ing is one of outrage mixed with example,

football for Shildon's BR Engineering Ltd (BREL) to explain to workers there how

> The Government accepts these points. Mr Reg Eyre, Transport Minister, in a Commons debate on Shildon earlier this month said that Mr Derek Foster, Shildon's local MP, had touched upon the efficiency of Shildon as a workshop and the impressive performance of the work people. I should like to be associated with those re-

flexibility and cost-cutting helps

marks, which are generally accepted as true and justified." Shildon workers are calling for further investment in the railways, insisting that if rolling stock is not replaced, the system will simply collapse. They have proposed an alternative to the Shildon closure suggesting that all 12 of BREL's workshops around the country should be

Technically, this would be Wagon works, for cannot easily be difficult.

> But their faith in themselves and in the main in their union is strong. As Mr Roy Jones, Shildon branch secretary, said of the campaign against closure: "It doesn't take a brilliant man to take his jacket off and start throwing his weight around. What we will do we will do in an orderly

Labour 'has place for **Marxists**'

MR JIM MORTIMER, general secretary elect of the Labour Party, yesterday told the annual conference of AUEW-Tass that " the transformation of our society and the replacement of capitalism by socialism" were needed. There was a place for Marxists in the Labour movement, he said.

The left-wing white collar union's conference condemned the Labour Party's investigation into the Militant Ten-

Murray steps in

Mr Len Murray, TUC general secretary, has intervened to avert a strike over pay and conditions by National Union of Journalists officials, due to

The 15 officials will be urged to accept his proposal to refer the dispute to the Advisory, Conciliation and Arbitration Service, for conciliation and possibly arbitra-

Labour elections

A report in vesterday's FT said in error that votes by Britain's "six largest unions in future Labour leadership elections could be determined by non-payers of the political levy. This should have read the "sixth largest union," the Association of Scientific, Technical and Managerial Staffs.

Refinery action

Disruptive action by 760 process workers over an 8 per cent pay offer was begun yesterday at Esso's Fawley refinery, Hants. They are refusing to co-operate with

Health authorities tell ministers to relax tough pay policy

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is coming nurses and the 4 per cent offer would have got less. The line on health workers' pay industrial action.

This clear support for the unions' case from such an unexpected quarter will severely test ministers' determination to resist the increasingly dis-ruptive strikes by the 14

The authority put its views to other regional authorities at a recent meeting in London. It is understood that many were n agreement with the North-

authority, wrote to Mr Norman Fowler, Health Secretary, after meeting the region's 19 district chairmen.

any attempts to phase-out the

action if necessary, David Good-

The postal section of the

Union

Workers'

under strong pressure from to ancillary and other workers. some regional health authority. In his letter, Sir Sydney employers to relax the tough says that his chairmen "do not which has provoked the current further turmoil which could be

want to be involved in any avoided and while they de not condone strike action they are in sympathy with staff whom they consider are being treated unnecessarily harshly.'

Referring to the Governruptive strikes by the 14 ment's 4 per cent cash limit national health service unions. pay provision for the health The North-West Regional service, he says: "New that a Health Authority, has been the number of concessions to the most forceful critic of the pay limit have been made both only right that the Government approach to others working in

West Yesterday, Sir Sydney said increase.
Sir Sydney Hamburger, chair- the authorities were not proman of the North West testing about the size of the workers offers but about the difference between them.

He said that if there had to be different offers one would unanimously instructed him to have expected that those lower protest at the divisive nature down the pay scales would have of the 62 per cent pay offer to got more and those higher up cially."

Post staff will fight to keep 2nd delivery

second delivery — with strike general secretary, said: "We of commercial literature was

Mr Maurice Styles, assistant the Household Delivery Service

declare to the British public accepted despite objections from

that we are fighting to defend many delegates. The report the postal service in Britain."

The executive of the 200,000- of £12 for every 1,000 items

was accepted.

POSTAL WORKERS will fight out or restricted to businesses

hart reports from Bournemouth. the postal service in Britain."

whelmingly backed a motion another motion which called for

from Liverpool Amalgamated no extension of the inward

Communication strong UCW was unexpectedly

conference over- defeated on an amendment to

the opposite course. Health service union leader

yesterday attempted to repair the apparent split over tactics followed Monday's decision by the National Union of Public Employees to press for an allout strike.

The differences are still ex-

pected to emerge at today's meeting of the TUC general council but yesterday Nupe and the General and Municipal Workers' Union, which Workers' in the public sector and in the attacked Nupe's strike decision, NHS, chairmen feel that it is tried to present the row as a should adopt a more flexible not impair the unprecedented unity of the 14 unions in their campaign for a 12 per cent

Further support for the NHS workers is expected to be announced today by Nupe leaders who will disclose at the union's conference in Scar-borough that the Fire Brigades Union has promised support physically and finan

delivered. An amendment call-

ing for local branch consultation

A special report on increasing

BR says workshop cuts essential

THE CASE put by British Rail sidiary of British Rail, exists Passengers may remember Engineering Ltd (BREL) for mainly to serve its parent. It has that a few years ago BR was We are carrying 6,000 people too many on the basis of for- out of line with those being the locomotive fleet, but these ward ordering," says Mr Alan offered by developing countries Dunkley, BREL personnel direc-The question is, how is the misery to be spread?"

BREL managers is the closure of Shildon (2,450), withdrawal of rolling stock repairs at Horwich (1.650), reduced levels of activity and manpower at Swindon and Derby locomotive works (1,500 and 400 respectively).

The implementation of this option, they claim, will save BREL £50m between 1983 and 1986—after taking into account £20m redundancy costs — and £18m a year after that date. Spreading the cuts over the 12 BREL workshops, as the Shildon workforce proposes, would be very much less advantageous, says management.

The overcapacity throughout the engineering group, which is particularly evident in the wagons section, has not occurred overnight. The prob-Tems began to surface in 1980, when it was proposed to close the Ashford workshop in Kent. BREL for only a few months following his departure from John Brown last summer, to

like India which have their own railway - building industries. Only 5 per cent of BREL's The preferred option of business is for export, although the aim is to push this up to

15 per cent within a few years. The workload consists of maintenance and repairs, and the building of new locomotives,

We are carrying 6,000 people too many, says a BREL personnel

director. Hazel Duffy reports

carriages and wagons. About £330m of the group's £480m turnover is maintenance and spares, and 80 per cent of the workforce is engaged in this sector.

BREL says that the switch to more sophisticated equipmentwhich was carried out recently. locos, passenger and freight It has fallen to Mr Philip carriages and wagons - has led to a drop in the need for mainbecause the fleet itself has been the machine tool division of reduced — the High Speed Train, for instance, averages push through the most painful four times the mileage annually part of the programme, par-ticularly the closure of Shildon. line loco — and the equipment BREL, a wholly-owned sub- itself neds less maintenance.

the loss of 6,000 jobs out of a had some success in winning suffering from severe problems total 34,500 is stark but simple: exports, but the competition is because its workshops lacked tough and its prices frequently sufficient capacity to maintain locos have now been largely

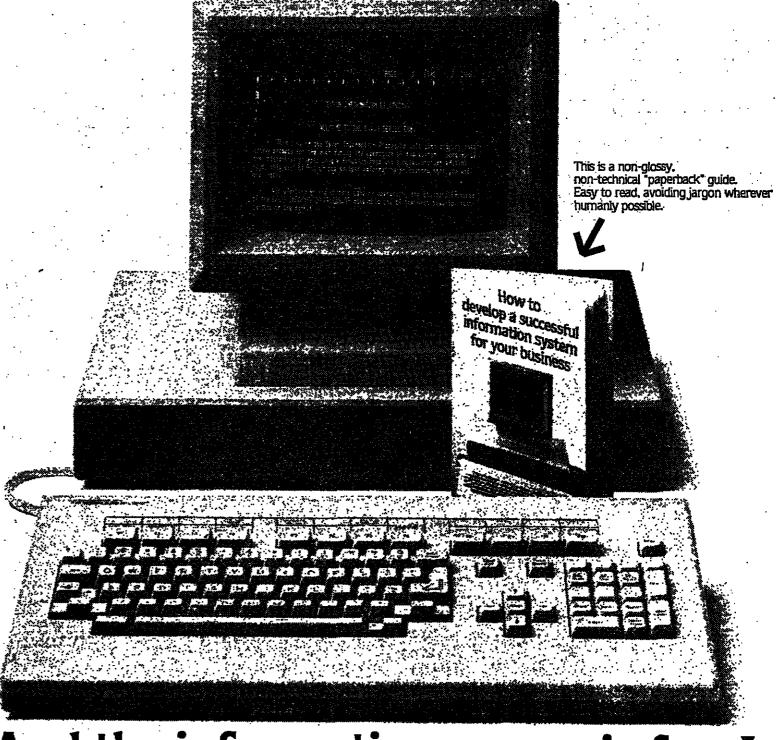
replaced.
The overcapacity problem is particularly acute for wagons. BR has a wagon repair capacity of 35,000 (Shildon alone has the capacity to repair 20,000 wagons a year) and a forecast requirement by 1986 of only 8,000-9,000. There are no orders for new wagons for next year, and be-yond that, says BREL, future needs are insignificant in relation to capacity.

Sildon, which has been commended for its efficiency in the past and made a net profit of about £730,000 last year, will make a small loss in 1982 and a £2.2m loss in 1983. The redundancies at Horwich arise mainly because it has taken overloads in the past which are no longer necessary. Only the foundry and spring shop will be retained.

The one area where BREL might find new markets, as well as exports, is the privatelyowned wagon sector, where BREL has supplied only 250 out of 1,300 wagons bought in the last three years. But, says BREL, in the main it cannot compete because most are of a specialist design well suited to builders.

BR, desperately looking for workforce cuts as a way of boosting efficiency at a time when changes in working practices have been largely unattainable, will keep looking to BREL to achieve some of these cuts.

yesterday which called for mechanised code-sorting system the productivity of postal industrial action to stop the until an agreement on extra officers and postal assistants way, But we will do it and we second delivery being phased payments is reached. The new EXXON 500. A word-processor that's the start of a complete information system. For under £5,000.



And the information source is free!

Benefit limit proposed for jobless school-leavers

More councils face

privatisation action

BY JOHN LLOYD AND BRIAN GROOM

use private contractors for their

services has been agreed by the

General and Municipal Workers' Union, the main local authority

The GMWU's stance, taken

together with a similar decision

by the National Union of Public

Employees at its conference in Scarborough, is a boost to 200

dustmen in the London Borough of Wandsworth. They are in the sixth week of a strike

over the Conservative-controlled

An emergency motion to the GMWU's annual conference in

Eastbourne yesterday authorises

the union's executive to "call

for supportive action in our public services and utilities

council's privatisation plans.

manual union.

BY BRIAN GROOM, LABOUR STAFF

who refuse to take part in benefit on the present terms, the proposed Youth Training although we would be prepared Scheme should be allowed to see a six-week limitation of Scheme should be allowed supplementary benefit for only six weeks, an advisory body

The suggestion comes from Sir Arthur Armitage, chairman of the Social Security Advisory Committee, in a letter to Mr Norman Fowler, Social Services Secretary. The committee advises on social security matters.

The Government's insistence that these 16-year-olds should be denied benefit has emerged as a source of contention with the Manpower Services Commission, which wants the benefits retained as a cushion for school leavers who do not obtoin places on the scheme

for whatever reason. "We believe that the simple and necessary solution is that tary benefit would ease the most school leavers who are not hardship for young people wait-

A CAMPAIGN of industrial speedy and successful concluaction in local authorities which sion to the dispute." An all-out strike by Wands-worth's 3,000 manual workers may close all services from next Monday if the council tomorrow night endorses a decision by its establishment committee to dismiss strikers.

Strike leaders claimed yesterday that up to 600 manual wor-kers were now on strike. The council put it at over 300. Some 3,000 flats were without not or cold water, the strikers claimed.

The strikers also believe the action will spread across London. Mr Ian Scott, Nupe district official, has sent a letter to branches asking them to draw up plans in support of Wandsworth. Strike leaders say they have already received some es of action in sympathy membership . . . to ensure a with them.

UNEMPLOYED school leavers eligible for supplementary

benefit for those who unreasonably refuse suitable training on the lines of that which already applies for unemployment benefit." Sir Arthur writes. The committee is impressed with the MSC's proposals, and

agrees with its recommendations about the level and inflation-linking of the training allowance and its stress on the voluntary principle. Sir Arthur said these avoided

many of the difficulties which would have arisen from the earlier White Paper proposals and would enable adequate incomes support to be given simply to help families and participants.

His proposal on supplemencourses should remain ing to take up training places

Union puts 2-year ban on former president

LEADERS OF the National Union of Public Employees have suspended the union's immediate past president from holding any union office for two years following allegations that his conduct had brought the union into

The unprecedented row within the union over the suspension of Mr Philip Jones, last year's Nupe presi-dent and a long-standing member of the union's executive committee, is likely to be raised today by delegates at the union's rules revision conference in Scarborough. Mr Jones is appealing against the suspension. His branch, Birkenhead General, is also appealing against it -though on the grounds that the disciplinary action against him did not go far enough and that he ought to have been expelled from the

The main cause of the charges against Mr Jones and another member was that he tried to set up another branch of the union in direct competition.

This followed a considerable period of strain between branch and Mr Jones, who was branch secretary and chairman of his Wirral Nupe district committee. Left-wing branch members disagreed sharply with Mr moderate political stance.

This led to his own branch refusing to nominate him for election, and instead backing rival candidate, Mr Stephen Balmer, who broke with a long-standing practice by challenging Mr Jones for the

Mr Balmer was eventually elected by 377 votes to Mr Jones' 215.

The organisational subcommittee of the union's national executive, after a fierce row, recommended that Mr Jones be suspended

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EXXON 500 will fit your business immediately - as a really easy to use word-processor, possessing more features than any comparable system - and how it will fit your business in the future as the cornerstone of a complete information system.

The book examines the new trend to information processing (text and data combined) from the manager's point of view. Demonstrates to the secretary how flexible and easy the EXXON 500 is to use. And should convince the corporate planner concerned with long-term growth that the EXXON 500 information Processor satisfies all the criteria of functionality required to meet his future needs.

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Recovery from recession 'is the weakest upturn for 25 years'

BY MAX WILKINGON, ECONOMICS CORRESPONDENT

economic activity which began last year." last spring came to a stop in the winter, but this does not mark the beginning of a down-

institute's post-Budget -that recovery will be extremely weak, that unemployment will continue to rise and that real take-home incomes will decline further this year.

The institute continues to be highly critical of the Government's monetary policies, but whereas previous reviews have analysed the need for a more the results. This shows that reflationary strategy, the May recovery three months after issue includes theoretical criti-cisms of the basis and operation sion was less than half that of of monetarism.

starts with a detailed analysis of months after the most recent the shape of the recovery in its first nine months compared with what happened in the early phase of previous recoveries. It notes that industrial production, which had pitched up in the summer, fell off at the turn of

THE MODERATE recovery in higher than its low point of May is the weakest for 25 years and

behind this break in economic ward trend, says the NIESR's because of the cintinued absence May review, published yester- of figures as a result of the civil servants' strike last year.

To put the present recovery in forecast continues the sombre perspective, the institute has themes of its previous forecasts analysed the pattern of five previous cycles. It pinpoints the troughs of activity of these cycles in October 1958, January 1963, August 1967, January 1972 and August 1975.

The institute has followed the path of recovery of industrial output at three-month intervals after each trough and averaged the average three months after Its review of the economy the five previous troughs. Nine trough, industrial recovery was only a quarter of the average from past cycles.

Moreover, recovery from the recent recession has been weaker at every stage than in any of the previous five. The analysis also demonstrates that "Although output during this period was affected by strikes much deeper than any of those and unusually severe winter preceding it, even that of 1975 in which output was still nearly modest rebound-a rise of 1 per 7 per cent below its previous cent-in February, when output peak nine mouths after the

recovery had started.

It notes that the Chancellor state of the economic cycle
It says the current recovery and the Treasury have been institute believes that

It says the pattern of forces doubt as to whether the period since last spring should be conrecovery is not yet clear, partly sidered a genuine recovery at all. The decline in output between October and January has given the recession a double-bottomed appearance. with two troughs, about equally

> upturn. The institute describes the March Budget as only marginally reflationary, and says the effects of its departures from 'unchanged policies" were to inject about £250m into the economy in 1982/83 and £300m in a full year.

· It says the most important

low, separated by a mild

Budget proposal was the cut in stance. the National Insurance Surcharge by 1 percentage point, although the economic effects are difficult to predict. It believes a considerable proportion of the cut will be used by companies to rebuild their liquidity. A small stimulus to stockbuilding might be given, but there would be little effect on fixed investment.
It says: "None of the other Budget proposals is expected to have a significant effect on the prospects for the real economy." The total effect on output result-ing from the Budget changes is only to add a tenth of a percent

to national output, the institute

Falklands repercussions

THE economic repercussions of the Falklands crisis have been small so far, says the institute.

Confidence in weakened in the period immediately following the Argentine occupation, when substantial Bank of England intervention in the foreign exchange market appears to bave been necessary to stabilise the rate. Confidence

critical of the simple approach. to Budget arithmetic which tries only to estimate the immediate impact on demand of a fiscal

It admits that this approach ignores many complexities, but argues that the simplicity is an advantage, because it makes the economic logic of Budget measures intelligible to laymen. The alternative, subjecting Budget measures to a complicated computer analysis, is also open to objection, as the equations used for this analysis may not be specified accurately

The institute challenges the Treasury's view that policy should be seen in terms of the actual public borrowing requirement rather than a borrowing requirement adjusted for the It notes that the Chancellor state of the economic cycle. The

Chancellor placed on the link between controlling the public sector borrowing requirement and the reduction of interest

it is not at all obvious that the

exchange rate is currently

lower than it would have

"The direct impact on UK

trade of the embargo on

exports to Argentina will be

negligible in the aggregate

(in 1980, 0.35 per cent of total-

UK exports went to Argentina

and 0.22 per cent of imports

pursuit of unadjusted public

borrowing targets has a destab-

Finally, the institute disagrees

with the emphasis which the

came from there).

predict a simple association between the PSBR as a percentage of GDP (output), the fiscal target in the Medium Term. Financial Strategy and the level of interest rates." It says that, since public borrowing has fallen as a pro-

portion of output during the past three years, "it is prima facie rather difficult to attribute the high interest rates of this period to the effects of Government borrowing."

On the move from a single

monetary target (sterling MS) to a less specific target range for four different monetary variables, the institute says:

"The different measures of the money supply have often moved in a grossly contradictory fashion, and it is more than possible that the targets for the different aggregates will turn out to be incompatible."

It believes that the exchange rate would be given priority over the money supply objectives if sterking came under serious pressure.

It concludes: "There is no longer any presumption that the authorities would respond as a matter of course to breaches of the target range."

The institute believes the adjustment of stocks to more normal levels is now admost complete but, given the weak increases in demand, the rate of stockbuilding is expected to increase only slightly.

"The modest upward ten-dency in output in the forecast is produced by higher exports, in response to renewed expan-sion of world trade, and an upturn in private investment." However, it says that, in view of the moderate output growth and widening margin of surplus capacity, the rate of increase in manufacturing investment predicted for 1983 compares unfavourably with that in previous cyclical upturns.

The Forecast in Summary percent change year on year unless otherwise stated Real personal disposable income -1.9 Unemployment (m, fourth quarter) -28 Public sector borrowing requirement fin Consumers' expenditure 0.0 Grass fixed investment -7.6 Imports of goods and services-1.0 Exports of goods and services

the Government's ability to con- though the institute is not very White Paper.

It says the official assumption of a 4 per cent public sector pay rise is over-optimistic, and that an increase of the order of 8 per cept is more likely. As a result, it expects the cash figures to be overrun by some £1.8tm, a figure which is two thirds of the unallocated contingency

The institute is also sceptical about the White Paper's assumption that nationalised industries will be able to generate enough funds to expand capital investment while Government lending is sharply

A continued strong balance of The institute is sceptical about payments is expected, even demand."

tain public expenditure for the optimistic about the prospect current year to the cash figures for exports this year. It expects given in the public expenditure the rise through the year to be only 11 per cent, but since exports started the year well above the average for 1981, the year-on-year rise is predicted to be 31 per cent.

The outlook for imports is similarly rather gloomy. Figures delayed by the civil servents' dispute now suggest that there was a very sharp jump in the middle of last year.

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For the whole year, it is estimated that imports rose by 9 per cent compared with the previous year. Next year, after some loss of competitiveness, they are forecast to grow more than twice as fast as final

Industrial nations' growth forecast at ½%

OVERALL ECONOMIC growth the increase is likely to go on in the main industrial countries for some time. OECD unis likely to be no more than employment in 1982 is predicted mainly because of the further force, against 6.8 per cent in postponement of the long- 1981 and the average of 4.5 per awaited upturn in the U.S., cent during the whole of the according to a section on world prospects in the national institute report.

expected next year, with the overall gross domestic product sumer prices to rise at just of the OECD area predicted to under 8 per cent this year, well rise by 2.6 per cent.

tries may have produced less in to between 7 per cent and 7.5 the first quarter of 1982 than in per cent in 1983. any quarter of 1981.

in North America and all the

major countries of Western

Europe, as well as most of the

per cent this year, at 7.7 per cent of the Labour

The gloomy picture for output and employment is partly offset An improvement is, however, by better prospects for inflation. down from 10.5 per cent last Industry in the OECD countries may have produced less in to between 7 per cent and 7.5

Lower average commodity Unemployment is still rising prices this year and, in real terms, probably again in 1983 should contribute to the price

Output prospects for 1982

The institute expects growth in Japan to be faster than most forecasters are predicting—at 3.5 per cent to 4 per cent. Falls of 1 per cent to 1.5 per cent in North America will be roughly balanced by rises in Europe.

Some general revival in the second half of 1982 should boost total OECD output by the fourth quarter to 1.5 per cent to 2 per cent higher than it was at the same time last year. Growth in 1983 is forecast at between 2 per cent and 2.5 per cent for both North America and Western Europe. Higher growth in Japan is expected to push the figure for the whole OECD area to just above that range.

The institute expects the current Opec price range to remain substantially in force up to the end of next year. The The institute forecasts that vary from country to country, average Opec price may even

recover a little towards the end of this year before settling in 1983 at a somewhat higher level of around \$35.50 a barrel.

Total demand for Opec oil this year is predicted to fall by more than 10 per cent. As a result of the oil price and

volume declines, Opec export revenues are expected to fall by almost \$50bn this year, following a fall of close to \$20bp. As a group, however, Opec is still in surplus. The institute forecasts that the Opec surplus will fall to \$56bn in 1982 from

\$103bn last year. The OECD countries were close to collective balance on current account towards the end of last year, and are now expected to move into substantial surplus, predicted at \$31bn in 1982, against a deficit of \$20bn last year.

100 issues of Review

TO MARK the National Institute Economic Review 100th issue, five articles hy former editors were com-missioned, with an introduction by Mr David Worswick,

He contrasts the present "turmoil of contemporary dispute" on economic issues with consensus prevailing in the 1960s He says this harmony may

seem somewhat exaggerated In this environment "there is concern about the economy and a feeling that economists

longer know what they re about . . ." NIE Review, No 100, May 1982; 2 Dean Trench St, Smith Sq. London SW1P 3HE; subscription £25, home, £35, abroad, single issues £7, home, £10, abroad.

Steel productivity doubts raised

BY IAN RODGER

PRODUCTIVITY IN the British steel industry's public sector improved dramatically in recent years due to substantial investment in large-scale technologically up-to-date plant and to cuts in the labour force. Mr Jonathan Aylen of Salford University wonders however, in

a study of plant size and efficiency in the UK. West Germany and U.S. steel industries, if other factors will pre-vent UK productivity catching up with levels in the two other

Mr Aylen estimates that by

the late 1970s German steel industry productivity reached the U.S. level. UK performance was still well behind but between 1978 and early 1981 British Steel Corporation's productivity improved by 20 per cent, twice as fast as the German

Labour productivity in Iron and steel, 1975 Britain Germany U.S. £1.1bn DM 1.6bn \$14bn Industry net output 280,000 490,000 DM5.8/£ \$2,3/£ Exchange rate for steel products... £4,600 £10,000 Net output per employee period U.S. steel productivity largely to individual plant units.

fell by 5 per cent. In the U.S., even though companies have not maintained investment, a high level of labour and capital productivity was sustained by competition.

Mr Aylen examines both overall works size and the size of individual plant units in each works. He says management-

few small works, fewer than 200 compared with nearly 400 in the U.S. and approaching 700 in In Britain nearly a quarter

The median size of works in Germany and the U.S. is similar

in spite of the smaller size of

the German market. "It is also

striking that Germany has so

control and labour relations of the steel labour force is are perhaps most affected by employed in works with fewer works size while technical than 1,000 employees, compared economies of scale accrue with 7 per cent only in Germany.

ART GALLERIES

Lafarge Coppee

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Notice of Meeting

Notice is hereby given that the Annual and Extraordinary General Meeting of Lafarge Coppee will be held at the Centre Français du Commerce Exterieur, Salle Hubert Roussellier, 10 avenue d'lena, Paris 16e at 5.00 p.m. on Wednesday, 16th June 1982 for the purpose of transacting the following business:

- 1. To receive the report of the Board of Directors on the operations of the Company for the financial year of 1981 and to receive the auditors' report thereon; to approve the operations, the accounts and the balance sheet for the financial year of 1981; to approve the appropriation of the profits; and to declare a
- To approve the agreements specified in Article 101 of Statute 66-537 of 24th July, 1966.
- 3. To re-elect Mrs. Philippe Le Hodey and Mr. Olivier Lecerf and to elect Mr. Raphael de Lafarge as Directors of the Company. 4. To appoint the auditors of the Company for a further period of six
- To conform Article 28 of the Company's statutes with Article 33
 of Statute 81-1162 of 30th December, 1981 and Article 499 of Statute 66-537 of 24th July, 1966.
- To renew the authority of the Board of Directors to buy or sell shares in the Company on The Stock Exchange in accordance with Articles 217-2 to 217-4 of Statute 66-537 of 24th July, 1966.
- 7. Other business.

All Shareholders, irrespective of the number of shares held, are entitled to attend the Meeting or to be represented by a joint holder or another Shareholder provided that:

- In the case of holders of Registered Shares, they were entered on the Register of members at least five days before the date of the
- In the case of holders of Bearer Shares, at least five days before the date of the meeting they have either deposited their shares at the Registered Office of the Company, 28 rue Emile Ménier, Paris 16e, or produced evidence that their shares have been deposited with certain banks or credit institutions. The documents to be produced to the Meeting will be available

for inspection by Shareholders during the period prescribed by French law at the Registered Office of the Company.

Shareholders wishing to attend the Meeting will receive upon request an Admission Form. Upon request, Forms of Proxy are available to Shareholders who are unable to attend the Meeting in person.

The Board of Directors. .

Copies of the full text of the resolutions to be proposed at the Meeting may be obtained from the offices of Kleinwort, Benson Limited, 20 Fenchurch Street, London, EC3P 3DB. A list of the names and addresses of the banks and credit institutions with which Bearer Shares may be deposited in France prior to the meeting, Admission Forms and Forms of Proxy may also be obtained in the United Kingdom at the above offices of Kleinwort, Benson Limited.

MOTICE. IS HEREBY GIVEN oursuant to the Indenture dated as of December 1, 1980 among Aiaska Interstate International Finance B.V., Alaska Interstate Company, as Guarantar and Chemical Easik, as Trustee, relating to an issue of an 812%, Convertible Subordinated Guaranteed Debentures due 1995, that effective June 1, 1982 Alaska injetistate Company acoposes to change its name and domicile by merging with and into ENSTAR Corporation, its wholly-owned, subsidiary. Pursuant to such perposed merger and the first Supplemental indenture a the indonture executed in connection through the Instance of the Indenture and agrees that the Debentures issued theremaker will be connectible into Common Stock of ENSTAR Corporation in the same danner and on the Same terms as such Debentures are presently convertible into Company. May 21, 1982.

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COMPANY NOTICES

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UNITED KINGDOM REGISTRAK

NOTICE IS HEREBY GIVEN that Hill Samuel Registrars Limited is being appointed as United Kingdom Registrar of each of the undermentioned companies with effect on and from 1 June 1982:-

Name of Company

(Each incorporated in the Republic of South Africa) DEELKRAAL GOLD MINING COMPANY LIMITED DOORNFONTEIN GOLD MINING COMPANY LIMITED

DRIEFONTEIN CONSOLIDATED LIMITED GOLD FIELDS OF SOUTH AFRICA LIMITED GOLD FIELDS PROPERTY COMPANY LIMITED KLOOF GOLD MINING COMPANY LIMITED LIBANON GOLD MINING COMPANY LIMITED NEW WITWATERSRAND GOLD EXPLORATION

COMPANY LIMITED VENTERSPOST GOLD MINING COMPANY LIMITED VLAKFONTEIN GOLD MINING COMPANY LIMITED

VOGELSTRUISBULT METAL HOLDINGS LIMITED All documents for registration in connection with registered securities of the abovementioned companies and correspondence in relation thereto should on and from the abovementioned date be sent to or lodged with:-

HILL SAMUEL REGISTRARS LIMITED 6 Greencoat Place, London SW1P 1PL (Telephone: 01-828 4321) C.E. WENNER

London Secretary of the Companies

25 May 1982

De Beers Consolidated Mines Limited Incorporated in the Republic of South Africa.

NOTICE OF DIVIDENDS DECLARED ON PREFERENCE SHARES

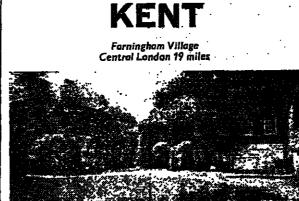
DECLARATION OF DIVIDEND No. 145 ON THE 40 PER CENT CUMULATIVE PREFERENCE SHARES OF RS.00 EACH

Dividend No. 146 of the Rand (R1.00) per share in respect of the vix months ending 50th June 1982, has been declared payable to the holders of the 40, per term encience shares required in the books of the Company at the Licase of business of 25th June 1982, and to start the company at the searched from the preference share warrants in pagers. A notice regarding sawment of directeds on coupon No. 146 detached from share warrants in pagers. A notice regarding sawment of directeds on coupon No. 146 detached from share warrants in bearer, will be published in the press by the London Secretaries of the Company on or about 18th June 1982. DECLARATION OF DIVIDEND No. 14 ON THE 8 PER CENT CUMULATIVE SECOND PREFERENCE SHARES OF R1.00 EACH

Dividend No. 14 of 4 cents per share in respect of the six months ending 30th June 1982, has been declared pavable to the holders of the 8 per cent cumulative second preference shares requisited in the books of the Company at the close of business on 25th June 1982. For the purpose of these dividends the preference share transfer registers and registers of members will be closed from 26th June 1982 to 9th July 1982, both days inclusive, and warrants will be poeted from the Johannesburg and United Kingdom transfer offices on or about 29th July 1982, Registered share-tolders paid from the United Kingdom will receive the United Kingdom transfer offices appropriate 228th June 1982 of the Tuled Kingdom will receive the United Kingdom for the United Kingdom of the Company's provided that the request is received at the Company's June 1982.

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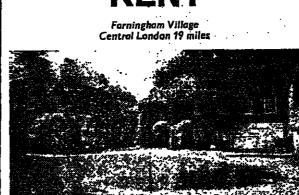
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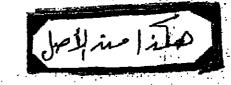
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Kielder Water Project

Europe's biggest man-made reservoir — today being opened by the Queen is as controversial today as it has ever been. Critics say that with the decline of heavy industry Kielder is not now needed. The Northumbrian Water Authority is however still convinced it was right to go ahead with the project.

Demand fall-off renews doubts

By Nick Garnett

THE £167m KIELDER dam and water transfer system was conceived more than 10 years ago as a means of shifting water from the high rainfall areas near the Scottish border to the big population and industrial zones in the north east of

In size and complexity it re-presents one of the most sig-nificant construction projects undertaken in the UK.

It involved the building of what is claimed to be the biggest man made reservoir in terms of volume in Western Europe. The building of the tunnels through which water will flow between the three river systems represented the first operation of full-face tunnelling machines in hard rock in the U.K.

At the same time the Kielder dam, 27 miles in circumference and set in the Nordic-like Kielder forest, has given the northeast outstanding recreational facilities.

But for the Northumbrian Water Authority's planners and forecasters there has been an unpleasant twist in the tail. The supply and demand mathema-

tics on which Kielder was based have been upset by the reces-sion and the decline of heavy industries. The projected upsurge in demand which was threatening rapidly to outstrip, the authority's ability to supply adequate volumes of water will not take place with the result that the arguments over the scheme during its planning stage in the early 1970s have been resurrected.

With 41bn gallons in the reservoir the Kielder system has a potential on its own to supply 200m gallons a day on top of the 250m or so naturally available from the area's rivers.

At the moment, however, the region is undecided whether it needs water from this new supply, and projecting further demand is, as history shows, a

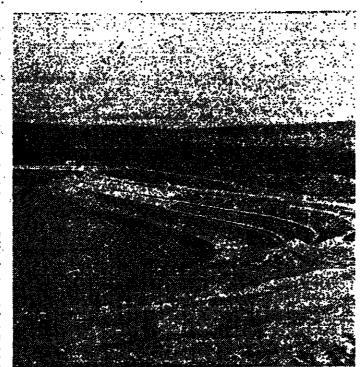
The water authority has been unfortunate in being so vulnerable to the effects of recession. Whereas in the UK as a whole some 40 per cent of water is consumed by industry, in the northeast almost two-thirds is taken by manufacturing.

Low charges

The cost of the project -£105m of the money has been borrowed-has been translated into a rise of 10 per cent on the bills of domestic consumers and 15 per cent for industrial users. The water authority still claims to have the lowest charges in

In the long term, the water authority appears confident that the benefits of Kielder will be apparent and that it ensures adequate water supplies for many decades.

"It was designed to secure the prosperity of the region well into the next century and provide a unique recreational area



257m gallons daily.

taken out of thin air but arose

both from consultation with in-

dustry on its needs and from the

The British Steel Corporation,

which was spending large sums

at its works on Teesside in-

formed the authority that it

alone expected its demand in the 1970s to rise by 34m gallons

ICI takes about a sixth of the

authority's whole supply of

evidence of investment pro-

business in the north east," says Sir Ralph Carr-Ellison, the water authority chairman. "It water authority chairman. gives maximum resource advantage with minimum social resource disruption.

Three broad factors influenced water resource planners in the north east during the late 1960s and these led directly to the inception and construction of the Kielder

• First, there was the belief that the existing water supply would soon be outstripped by demand, largely as a result of what was then a rising need from industry.

In the 10 years to 1971, demand rose from 140m gallons to 203m a day. The projection for the fast increasing tourism was that by the end of the Left: The final touches are put to the three-quarters of a mile long Rielder Dam as a lake forms inside. Right: Reservoir, Kielder situated in one of the largest man-made forests in Europe

CONTENTS

The Dam works

Water transmission system

Recreation

Finance — the cost to users

Industry—the regional spin-off

decade it would have shot up to was also predicting growth in its 370m gallons. This was for a demand. Teesside as a whole accounts for half the water conregion, the water supply system of which had a capacity of only sumed in the region and 70 per cent of that is sucked away by The water authority says industry. these projections were not

These assumptions were bolstered by predictions from the Water Resources Board that there would be a doubling of water demand nationally in the 30 years after 1970.

 Second, apart from assessing that by the early 1980s existing water resources would be exhausted, authority planners decided they had to guarantee needs for decades to come as means of attracting new dustry. The guarantee of water for steel, chemicals, and treated and untreated water and other massive users was seen as

a vital part of the region's of 400m gallons which seems infrastructure.

 The third factor has been the national and local political environment. The Water Resources Board decided some time ago on an policy of building seven major reservoirs, of which Kielder was to be the

At the same time there was local environmental opposition to the construction of a number of small dams in the north-east.

The water authority says it would not have been allowed to build such dams if it had wanted

More recently, however, the national big reservoir scheme has been abandoned and the north east's industrial base has suffered a series of traumatic contractions as a result of recession and long term structural change.

Domestic water consumption growing at 2 per cent per year—has been broadly in step with forecasts but industrial needs have slumped seriously.

The water authority now has three projections. In the middle consumption is forecast at just under 300m gallons per year, which would mean the transfer system in active use.

There is an upper projection

low projection that demand will remain at the present level of 250m gallons daily for the next two decades. Major closures proceeded with Kielder. of chemical installations at Wilton, Teesside, could however lower even that projection.

One ominous pointer is that for the first time in decades demand actually diminished in 1980. In the previous year the water authority had technically a lower margin of supply—a 5 per cent surplus based on dry conditions-than at the moment when there is a 10 per cent margin even without the use of Kielder. All this has been ammunition to the scheme's

Defensive

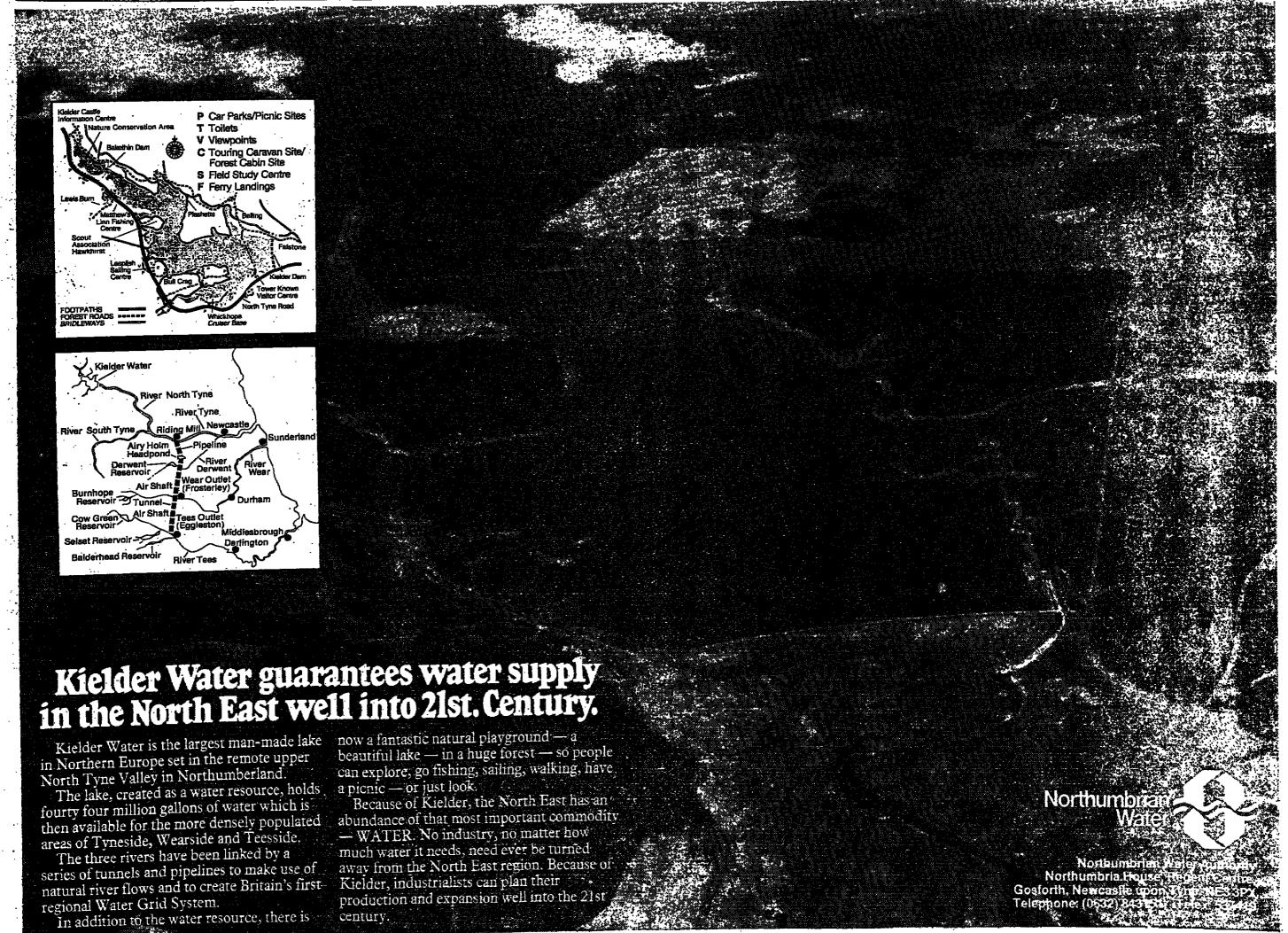
Mr Frank Ridley, the authority's chief executive, admits that he and senior administrators have been put on the defensive by the turn of events. But the water authority makes a strong defence of the scheme on a number of grounds. Firstly, they argue it would have been sponsible for the authority not to have pressed for Kielder when all the national and local industrial indicators pointed to

The authority points out that given the need for some increase in water supply, it would have had to build at least three smaller reservoirs if it had not

A system based on Kielder with a much smaller potential capacity would again have failed to make any real significant cost savings. Half the capacity of the reservoir is in the top 10 metres of a 55 metre deep

The authority argues that the Kielder system will eventually be needed and that the deep cutbacks within industry simply mean the time period over which Kielder will be sufficient on its own to boost the natural river supply will be extended well into the next century. The system is an integral part of the region's infrastructure and does ensure any industry seeking a home in the north east that water is available.

There are some useful byproducts. The presence of the dam will remove the top off any flooding in the north Tyne The reservoir will also river. The reservoir will also be used to improve the summer flow of the Tyne. Indeed, the authority was within an ace last year of issuing water into the river to maintain flows during 2 particularly dry spell.



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POWER

Water which otherwise

to supply a small town

would dissipate its energy

NATURALLY

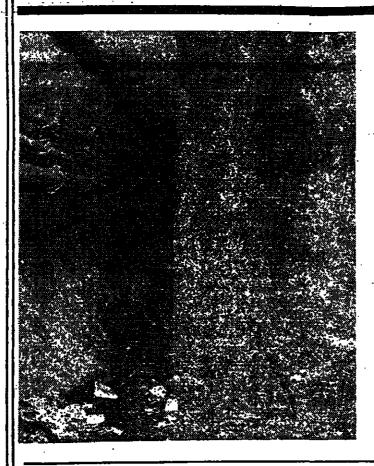
will now flow through turbines

and provide 6,000 kilowatts

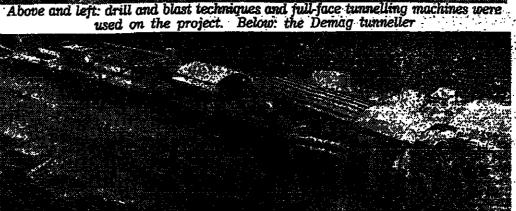
of electricity-enough power

Central Electricity Generating Board

KIELDER WATER PROJECT II







Deeply involved in the Kielder project-Jumbo rock drilling stems by

The identified the gold by

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Reservoir designed to add PYEROY beauty to the area

THE HEADWORKS of the Kielder Water Scheme lie in the remote North Tyne Valley between the villages of Falstone and Kielder about 35 km north

Kielder reservoirs formation has displaced 42 homes, all owned by the Forestry Commission, a road, spawning grounds for salmon and trout and 1.5m trees.

New housing has been pro-vided for the local inhabitants in the North Type Valley, as has a new 13.6 km road for travellers and a fish hatchery to supply the needs of anglers. The new reservoir is of un-

usual shape, partly due to major tributory side valleys biting deep into the surrounding forest-clad hills. Kielder Dam, which contains

the reservoir is 1,140 metres long and 52 metres high and lies 1.6 km upstream from Fal-

A second dam, 165 metres long and 17 metres high at Bakethin, 9 km upstream of Falstone, lies mostly submerged when Kielder reservoir is full but emerges when the latter falls in level. Part of this area has been designated a wildlife nature reserve.

Construction work began on the 6.7 m-wide road diversion in 1975, followed in 1976 by the start to Kielder Dam. The next two years, 1977 and 1978, saw starts being made on the new and Falstone. Most of this work fish hatchery at Kielder Village was undertaken by Northumber-

and on Bakethin Dam respec- land County Council on a re-

An almost complete lack of industrial unrest enabled the four contractors involved to achieve good progress leading to the inauguration of the entire headworks in May 1982. Both the highway diversion on the south bank of the reservoir and the Bakethin Dam have played important parts in the control of traffic and river flows respectively in an inhabi-

ted area severely disrupted by the large-scale engineering work. Their careful aesthetic design has added beauty to an area already well endowed.

Dangers

The introduction of just over 4m cu metres of materials for a dam into a remote and beautiful valley has obvious potential dangers and these were thoroughly discussed at a public inquiry in 1972-73.

As a result, very special conditions, affecting temporary buildings used by contractors, methods and materials of corstruction and lorry routes, were imposed.

The latter conditions had the object of reducing disturbance to small towns and villages and resulted in the expenditure of considerable sums of money in upgrading roads and bridges between the A8 near Otterburn and Falstone. Most of this work payment basis.

To reduce further any adverse effects on local inhabitants from lorry traffic, existing rock quarries within the reservoir area and nearby were fully exploited for sandstone and hard whinstone.

Since 85 per cent of the materials of which the dam is formed are of a clay type, little trouble was experienced in opening up borrow pits up-stream of the dam in the valley floor to excavate this type of embankment fill.

The material which offered difficulty was concrete, essential in the construction of the overflow weir and channel and other structures. Planning and architectural constraints required that a warm coloured stone aggregate be imported from Rothbury, some 48 km east of the dam, for concrete which would be visible,

Local sandstone was used extensively in the considerable lengths of walling around the dam site and new plantations were formed below the dam with the approval of the National Parks Committee whose boundary crosses that area. Amenity also dictated the horizontal curve on the axis of the dam and the moulding of the dam contours into the

Material

Investigations by borning.

geographical studies showed flows unto that, at the dam site, nature Tyne. had provided a deep layer of the ends of both pipes are clay material over the centre fitted with energy dissipating valves which discharge into the effling basin alongside the

abutment and had been entirely eroded away at the River North Tyne to the north.

It was decided by the dam Kielder Dam. designers to leave this deep layer of clay intact as an effec-tive water barrier below the dam and to construct the dam embankment on this layer. To the south and north and

at the river, clay blankets were constructed on the thinner natural clay deposits to increase their thickness before raising the dam embankment itself. The latter was formed of clay materials which were laid with

horizontal stone drains in the shoulders, but with solid clay in the central core. At the river and on the north

abutment, concrete and cement grout was used to increase the resistance of the foundations to percolation of reservoir Controlled underseepage from the reservoir to the River North

Tyne has been accepted in the design and a network of stone drains has been laid to conduct the seepages to measurement devices before releasing these flows to the river where flows are measured in total over a Such seepages contribute to

the statutory compensation the reservoir and contribute about two per cent of the summer value of 113,600 cubic metres per day. Deep boreholes downstream

of the dam have been sunk into the rock to attract underseepage, to control the pressure under which this water is flowing and so to increase the stability of the dam. Pressure and movement de-vices have in addition been

built into the embankment on two sections to assist design and maintenance engineers assess the behaviour of the dam embankment

These instruments were of vital importance in the peak construction year of 1979 when the contractor placed up to 160,000 cubic metres of clay fill An early warning of un-

ecceptable stresses in the heart of the dam was registered enabling corrective action to be taken in good time. The premier consideration in

lesigning the overflow weir and channel to convey flood waters from the reservoir was safety.
At Tarset, 7 km downstream
of Kielder Dam, a weir has measured flows in the River

peaks of 340 cubic metres per second and volumes in a day of up to 19,000 cubic metres.

These records have been invaluable in assessing the dimensions of the concrete overflow weir and channel at Kielder Dam and in selecting the sizes of the pipes and valves built into the valve tower to release water from the reser-

Concrete

In fact, the overflow channel can cope safely with peak inflows to the reservoir of at least three times the maximum likely value and more under very severe conditions.

The 185m-long weir and 16m-wide channel conduct floods to a deep stilling basin where the destructive energy of the water is largely dissipated against a massive submerged concrete

Two sets of steel pipes are led through the concrete arch culvert which runs below the dam and connects the valve tower with the river downstream

The larger pipe, known as the scour pipe, is 2.9m in diameter and 16 mm in thickness.

The smaller pipe, 2.0m in diameter and 12 mm in thickness, collects water drawn from the four highest level of abstraction and delivers it to

This layer thinned towards stilling basin alongside the the public road on the south flows from the overflow channel. The scour pipe alone can discharge up to six times the average flow in the river at

> The culvert is a two-level structure, the lower level accommodating the two steel pipes in separate compartments and the upper level a 4m wide access road to the valve tower.

Before impounding com-menced on December 15, 1980 the reservoir area was cleared of all properties and coniferous trees had been felled and marketed by the Forestry Com-

The commission had also completed diversion of many kilometres of forest access roads and arranged to burn the the water margins were uprooted and buried below a

layer of clay. As impounding proceeded, broadly as predicted, the moni-toring of the instruments in the dam and its foundations showed that underseepage and dam stresses were within the limits

Valves and pipeworks have been tested and apart from con-tinuing adjustments, they are behaving well. A regular supply of water of good quality can now be relied upon from this vast reservoir.

George Rocke

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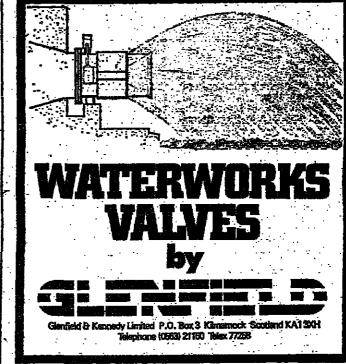
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Who helped turn the Tyne into the Tees?

construction.

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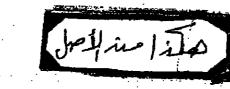
Two parts of the Laing Group worked closely together to construct the £6 million Riding Mill Pumping Station, one of the key elements of the Northumbrian Water Authority's Kielder Schorne designed to extract water from the River Tyne and transfer it to the Rivers Tees and Wear,

The expertise of the Laing Civil Engineering Division was used to construct the large cofferdams in the River Tyrne and to shape ten thousand cu.m of concrete into the massive pumping hall, river intake and associated buildings. The local knowledge and skills of the North East Region of John Laing Construction provided the finishing touches, including accustic strielding, exterior treatment and environmental landscaping. Whatever your needs you can be confident that Laving co-operation will provide the most cost efficient

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The Kielder scheme was designed to allow the transfer of large amounts of water from the River Tyne to the industrial areas served by the Rivers Wear and Tees.

When completed the transfer works, which stretch from Riding Mill pumping station on the Tyne to the River Tees, near Eggleston, will have a capacity of 1.2m cu metres a day.

The various stages of construction and the problems encountered on one of the biggestever tunnelling projects in the UK are described below by Norman Berry.

Ten-year-old machine leads the way

struction of the main tunnels. extending 28 km was awarded in May 1975 to the Anglo-German consortium Tyne Tees Tunnelling, consisting of the German companies Ed Zublin and C. Baresel and the British company A. Monk.

in the

Jumbo od Jumbo od Jumbo od

TTT based their tender proposals on the use of two German-built Demag tunnelling machines, the first of which had already been partially built on "spec" by Demag.

Three months after the placing of the order TEE had the ing of the order TTT had the machine on site.

The tunnels were very largely driven in coal measure rocks consisting of interbedded limestone, sandstone and shales. The nominal driven diameter was 3.4m although, in pumping. practice, the contractor chose to drive to a slightly larger diameter of 3.5 or 3.55m to allow some tolerance. The tunnel roof throughout was supported using steel arches, rock-bolts or shotcrete which were adequate to support the rock until the permanent lining of in-situ concrete was placed, in some cases several years later.

Driving of the tunnels started in July 1975 but unfortunately the Demag machines did not achieve their anticipated rate of progress of 400 metres

This was very largely due to problems with the design of the machine. There were difficulties with the arrangements for removing excavated rock. Serious problems also arose with the installation of roof support, largely because the geometry of the machine effectively prevented any support steel arches or rockbolts being installed until the head of the tunnelling machine had moved 12-15 metres.

To overcome this problem the port to be provided only a few contractor arranged in September 1975 for an American-built Robbins tunnelling machine to be installed at Tees, the most southerly extent of the tunnel- machines together. ling. This machine was noticemore successful and, although already some 10 years old when it started work on Kielder, it consistently pene- so as to avoid a trated the rock at a higher rate hard whinstone. and the arrangement of the machine allowed for roof sup- the whinsill was at its nearest

After leaving the Kielder dam, water travels down the Tyne and is then pumped along an aqueduct. It then passes through tunnels to a holding dam before being released into the

Tees—a total journey of 36 miles, 20 of which will be in tunnel.

Pumping

IN ORDER to allow the abstraction of water at Riding Mill a weir had to be built across the

The weir is 80m long and the right bank section has two tilt-ing gates to control the pond level and residual flows during

When the tilting gates are raised the weir creates a storage pond of over 100,000 cu metres capacity above the lowest weir level. This storage pro-vides the balance between the natural river flows and releases from the Kielder Water and the amount of water which is being abstracted using fixed speed pumps.

The weir is now the only part of the Kielder project where major work is still proceeding. It is being constructed by John Mowlem and Company, who, in order to overcome the problem of providing a positive cut-off to prevent seepage under the weir, proposed the driving of inter-locking concrete piles to rock level.

This work was undertaken by sub-contractor, FJC Lilley who successfully bored the secant piles through the very densely packed boulders in the

In order to minimise the time

metres behind the head of the

machine. In fact, the Robbins

machine drove nearly as much

tunnel as the two Demag

It was anticipated the tunnels

would be driven through sedi-

mentary rocks and the align-

ment of the tunnel was arranged

so as to avoid a strata of very

The section of tunnel where

standard of surface finish speci- cated should demand justify it. fied, Mowlem used very large precast units to form the main

structure of the weir. constructed by John Laing, has concrete wall panels and a flat supplied in 12 m lengths and roof of solid precast units. The purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction was to reduce and the purpose of this heavy construction. pated high noise levels.

With all 12 pumps running. the noise level at a radius of only 27 decibels, just under 25 months. substantially less than the sound of normal conversation. At present it is not possible to tell from the outside of the building whether or not the pumps are running,

The external appearance of the building has been designed THE STEEL pipeline ends at ment and once the trees, which have been planted extensively in the area, have grown, most people driving past the pump-ing station will not be aware of its presence.

The aqueduct

FROM THE pumping station a profile. 2m diameter steel pipeline some

was driven by a Demag machine

which successfully passed the

point where the sill was thought

to be at its nearest vertical

distance of 15 m below the

However a short distance

after this the machine ran into

massive transgression of the

whinsill which had intruded

into the rock sequence at a

much higher level. This had a

very serious effect on progress

taken during construction, and about 200m. Provision is made diameter of 2.9 metres this was also to achieve the very high for this pipeline to be dupli- of very great significance as

The pipeline is constructed of spirally welded steel, with thicknesses varying from 10 to The main structure of the 14 mm, depending on the pumping station, which was pressure. It was manufactured by Byard Kenwest in their

> Norwest Holst were the main contractors for laying the pipework and they successfully completed the work on time in

tunnels

to blend in with the environ- Letch House where a 22 m shaft connects with the start of the virtually due south for over 30 kilometres.

Fairclough Civil Engineering constructed the tunnels with highly mechanised drill and blast equipment. The tunnels were driven largely through strongly bedded sandstone at a nominal diameter of 3.5 metres but the bedding of the rock resulted in a virtually square

the tunnels As 6.2km long rises to a height of eventually lined to a finished completed the project.

which was reduced from the

to less than 1 m per hour.

lineal metre.

normal 1.5-2 m per hour down

The costs of the tools on the

full-face tunnelling machine

jumped up to an alarming £47

per lineal metre—compared with the normal cost of £5 per

given to the possibility of re-

moving the machine from the

Serious consideration

the volume of concrete per lineal metre was approximately 50 per cent greater in the tunnels driven by drill and driven by full-face machine.

Airy Holm Dam

IN ORDER to provide some degree of balancing storage a small head pond was constructed at Airy Holm, approximately 2½km south of Letch House. This was connected by means of a vertical shaft to the tunnel.

The dam itself is of fairly conventional construction with a central mass concrete section and earth flanks.

An unusual feature however is the construction of a diversion of the Shotlevfield Burn which would otherwise have been impounded by the construction of the dam.

The normal flow of the burn was taken around the perimeter of the reservoir in a pipeline, thus maintaining the flow in the burn and preserving the fishing interests.

Construction of the Airy Holm Dam started in October 1977 and the contractor, Gleeson Civil Engineering,

The site investigation bore-

holes had been approximately

2 kms apart and owing to access

problems the next boreholes

were a short distance off the

line. In order to check on the

extent of the intrusion it was

decided to sink a borehole

level, the Demag machine emerged from the whin into

Much has been written about the wisdom of using full-face tunnelling machines on very long tunnels such as those for the Kielder scheme. In fact the machines have coped success fully with a very large variety of rock conditions and they have demonstrated very clearly the potential of full-face tunnelling machines for driving very long tunnels.

However, none of the tunnel-ling machines achieved their apparent potential.

drives the machine utilisation was less than 25 per cent, Con-sidering that a tunnelling machine can cost over £1m this surprising.

northwards, from the River Derwent a machine utilisation of nearly 40 per cent was achieved giving an average rate of progress of almost 600 m per month.

The reason for this dramatic improvement was a change in the shift pattern. On the other three drives the contractor operated two 11 hour shifts with two-hour break between the from the Derwent the contractor obtained union agree ment to the operation of three

This accounted for much of the improved output of the machines, which over a period of nearly three months operated virtually 24 hours a day, 7 days

week. With a modern tunnelling machine it should be possible to have a rate of penetration in excess of 5 m per hour and a 50 per cent machine utilisation would give a rate of progress of the order of two kms a month comparison with the 1 km per month achieved on average

For hydraulic reasons it was necessary to line the tunnels throughout with in-situ concrete. Rates of lining in excess of 1,000 m per week were regularly attained.

approximately 1 km ahead of the tunnelling machine. On the

On three of the four tunnel

However, on the final drive

shifts for maintenance of the machines. On the final drive eight hour shifts.

on Kielder.

Norman Berry is a partner

and George Rocke an associate very day that the boring crew of Babtie Shaw and Morton, reached the whinsill, which Glasgow, the consulting engi-was at its correct level some neers for the Kielder scheme. Planners capitalise on leisure potential

THE RESERVOIR — moulded sub-aqua enthusiasts, dinghy into the almost Nordic setting sailors and most other water of the Kielder Forest-provided sports activities. It has respon-

They had a virtually readymade leisure feature which stays at the lake and who are could offer recreational facilities largely unavailable before in the north east of England.

policy which would make maxi-mum use of such rich potential. pairer and hirer. There is also The authority has now embarked on a 10-year programme of tourist development five main locations. These are:

around it. In formulating the programme the Northumberland Water boats at Whickhope; the main Authority has been guided by sailing centre at Leatlish; the the 1973 Water Act, which re-quires authorities to consider Matthew's Linn; and a £750.000 putting their water resources to full recreational use. Other built by the Scout Association laws require the NWA to make at Hawkehirst Peninsula.

recreation pay for itself without discriminating against different groups of water users.

At the same time the Forestry Commission, which has been water in the north east which working closely with the can accommodate large boats, authority and has a base at says NWA recreation officer M. Kielder Casile, operates a Jones. The importance of

to the public. A major decision had then to taken up. be taken on who was to do the developing. Mr Terry Jones, the vater authority's chief recreation officer, says that to achieve the authority's tourist objectives. the development had to be done through a mixed economy—that is, by the water authority itself, by professional entrepreneurs and by voluntary organisations.

The water authority has played three roles. Firstly it has servation area" where plants. provided the infrastructure— birds and mammals are jetties and car parks, for thriving. example. The NWA has been The Fo helped by £500,000 in grants bodies such as the British Sports Council, the English Tourist study Board and the Countryside Com- objectives.

Secondly, the NWA has handled fishing. It has provided salmon hatchery and the reservoir has been stocked with 300,000 brown trout.

mission.

Finally, the authority designed the scheme of franchising and of controls. This has involved some tendering by companies and individuals for concessions on recreational facilities, leasing of land for buildings and issuing licences. The Kielder Water Club is

split up into various sections to

water authority recreation sibility for registering boats, planners with a unique oppor- checking safety and obtaining daily charges on those boats whose owners arrive for short

service with a 40-seater launch. Their task was to develop a A small company acts as ships some catering franchising. The south development has

based on the lake and the forest an information centre with eating facilities; a mooring point for cruisers and keel sailing

Regulations

Kielder is the only inland Kielder Castle, operates a Jones. The importance of general policy of opening forests this lies in the fact that almost all coastal moorings are fully

> Motor launches are subjected to tight regulations. They must keep below six miles per hour and there are noise level tests for speed boats.

There is a rich wildlife population on or near the lake. At the upper end of the lake the near constant water levels at Bakethin Dam is helping the establishment of a "nature con-

The Forestry Commission has designated the forest around from the European Regional Kielder as a Working Circle— Development Fund and other a forestry term for an area of woodland which has special Cabins are being built in

some of the forest areas where there are 30 or so special clear-There is already a children's play area near the lake and two camp sites and an outdoor activities centre are being set up by the Northurgberland education authority The forest provides an ideal visiting place for school parties. Growing interest in the lake has been shown by a rise in the number of people attending the

visitors' centre. Nick Garnett

The largest man-made lake in **Europe**

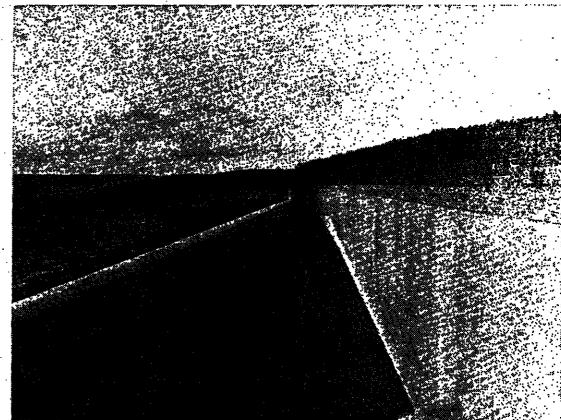
Formed by the Kielder Dam, **Northumbria**

The construction of the Kielder Dam and associated Civil Engineering works were undertaken for the Northumbrian Water Authority by Balfour Beatty Construction and Fairclough Civil Engineering in joint venture.

Consulting Engineers for the project were Babtie, Shaw and Morton of Glasgow.









Balfour Beatty - Fairclough

Balfour Beatty Construction Ltd. Randolph House. 46-48 Wellesley Road, Croydon CR93QD

Fairclough Civil Engineering Ltd. Chapel Street, Adlington, Lancs. PR74JP Tel. 0257480264

Eighty companies awarded contracts

ALTHOUGH the Baltour Beauty ment admits that perhaps the tion produced a model and the ways, which might, at first have described as a lesson in self- future seem small. Projects Fairclough claimed the lion's share of the joyolved. The list reads rather cope with site emergencies. like a roll-call of the Eritish construction industry.

At the headworks themselves. ing the smaller tail-end dant at Bakethin, a contract worth £2m, Scotland. with Gleeson awarded the £9m sob of realigning the C200 road along the North Tyne vailey.

- Out of a list of some 20 main contractors and a total of 80 contracts altogether. Laing. Tarmac. Norwest Holst and Mowlem crop up from the civil engineering sector, while NEI and Hawick, so even the wageand Hawker Siddeley Brackett related effect was fairly wideare among the many companies that appear among the specialist contractors.

Spin-off

A project the size and complexity of Kielder has had a -widespread effect not only regionally but nationally. The 80 direct contracts involved have been placed over a period of eight years and co-ordinating "them into an interlocking programme has presented the Northumbrian Water Authority with a major task.

Many of the companies inyolved have, in turn, spun-off-business to their own suppliers and sub-contractors sometimes -in substantial numbers. Many small companies throughout the country have benefited from the Kielder project without being

of the construction industry, the shopping list of a site purand control panels. West chasing officer is usually exten-Midlands-based Serck Controls the shopping list of a site pursive. Apart from procuring the supplied telemetry equipment, bits and pieces constantly with Neptune Glenfield of demanded by the engineers, the kilmarnock responsible for logistics of supplying a 700-pumping equipment and valves. logistics of supplying a 700strong workforce—with 1,500 people at times working at Kielder—is considerable.

On a major project a purchasing manager of senior status is concerprises, or within a com-an essential member of the site pany's own group. Kielder-management team. While much related benefits have also site purchasing benefits local flowed to a number of bodies businesses-indeed this may be a matter of company policythe Kielder Joint Venture com- search Association undertook pany makes the point that it computer studies, the Institute scoured the country for suppliers in its purchasing operation. Nevertheless, site manage the Hydraulic Research Associa- venture did things in different money was raised in loans, secondary dam in the form of a

was the village plumber and £167m Kielder Water contracts electrician a few miles down the with its £18m dam element, road, who turned out at all many other top names were also hours, often in foul weather, to

As expected, the economic advantages to companies in the north-east has been substantial, firms of the standing of Wimpey but what was less anticipated and Glesson figured in substant was the effect upon companies tial contracts, the former build- as far apart as the south coast of England and the north of

> Construction sites are still fairly labour intensive, which puts money into the local economy in the form of wages... At Kielder workers were travelling from up to 50 miles away, buses being laid on from Darlington, Newcastle, Carlisle spread.

The shifting of 5m cu metres boulder clay during five summer seasons, working round the clock, ensured good spares business for firms like Caterpillar. The Northumbrian Water Authority claimed that the value and diversity of construction plant mobilised for Kielder stood comparison with any other project in the country.

When it comes to the supply of service equipment, much of it highly specialised, the spinoff can undoubtedly be considerable, although more difficult to quantily. The Kielder main dam has 700 measuring devices either buried in its core, or attached to its surface, all of which have to be monitored by sophisticated equipment in two instrument houses.

It is this aspect of the Apart from the hardware project that accounts for NEI's associated with the heavy end involvement supplying transformers, switchgear, starters

> These are the kind of companies that are most likely to generate off-site work for subcontractors, either independent that are not, strictly speaking, commercial. The Water Reof Geological Sciences supplied geological information, while

marker points for the drilling of the water tunnels. The University of Newcastle upon Type carried out a number of ideas. tasks from laboratory testing of quarry materials to examining

the machineability of rock.

In geographical terms the most widespread spin-off from Kielder stems from the awarding of the contract to drive the part of this-with some pipework and a short section of tunnel drilled by Fairclough Tunnelling, worth £53m—went to Tyne Tees Tunelling, a purpose-formed West Germanled consortium.

The main partners in the consortium were two Stuttgarthased companies, C. Baresel and Ed Zublin, with Swiss Aluminium Mining and the UK's Monk also involved. Monk's 16 per cent share was probably essential to the consortium because of a stipulation by the Water Authority that all joint ventures should have some British participation.

Successful

The machines used to drive the tunnels were made by Demag-plus at a later stage an American Robbins-with virtually all the senior project management coming from West Germany. According to project engineer Olaf Loettgen a special effort was made to use local suppliers.

Joint ventures in the British construction industry have not always turned out so successful. but in Kielder's case things appear to have gone well. Mr Alan Cockshaw, chairman of the Balfour Beatty Fairclough Kielder Joint Venture, sees it as a successful exercise in sharing the risks and problems.

Undoubtedly Kielder posed special problems and the two companies learnt a number of lessons in solving them. The first hurdle to overcome was to create the feeling of working for the joint venture, rather than for Ballour Beatty or Fair- under the terms of Local clough. Once this was achieved, fairly early on, all other assistance to schemes involvin problems became that much job creation in assisted areas. easier to solve.

water tunnels linking the the number of vehicles and the their meetings thereregion's three main rivers, Tyne size of their loads on public. But the chances of the two the tender up.
Wear and Tees. The major approach roads, provided site companies repeating their

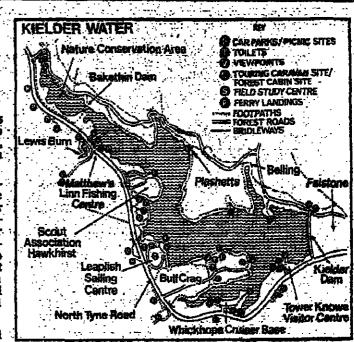
Joint Venture most valuable of all its suppliers Ordnance Survey established appeared to provide grounds for sufficiency—how, in effect, to of a size and style similar to conflict, turned out to be an live off the land and win the Klelder are not in prospect, advantage, with people involved maximum amount of material either in the UK, or in Western claiming great benefit had required for building the dam Europe. derived from the interchange of from the floor of the valley that would eventually be flooded.

> remote location and the often on UK contracts, the Kielder was made but failed. The conhostile environment, the Kielder site management was given a sortium tendered for another. project has been likened to an great deal of autonomy, with dam building job in Derby-overseas contract by some of most major decisions being shire, but its tender was too the civil engineers involved made on the spot. Directors high, although having built This, plus severe restrictions of the joint venture were fre- a dam might be regarded as an imposed upon contractors over quently on site and, indeed, held

management with what it has partnership at least in the near

An attempt to secure a follow-on contract that would have In many ways, because of its Somewhat against the trend kept the joint team together advantage, the lessons learned the hard way may have pushed

Ewart Mann



Region's water users contribute £105m

EVERYTHING ahout scale: it is one of the largest rolled over, man-made lakes in Europe situated in one of the largest manmade forests in Europe. Not surprisingly its financing has been an equally large-scale and complicated affair involving British and foreign organisa-

The scheme provides not only a reservoir and dam but a series of complicated engineering arrangements to allow regulation of the Rivers Tyne, Wear and Tees. In effect, it can control and meet the demand for water in the entire north east alone for the rest of the century.

The cost of such a major regional water undertakingthe first of its kind in the country-is £167m gross.

The most interesting feature of the financing is the involvement of the Common Market's Regional Development Fund, which provided a grant of £36m. the largest contribution it has ever made to any single scheme or project in Europe. A grant of £26m was made by

the British Government, mostly Employment Acts providing for assistance to schemes involving

This left a staggering £105m The fact that the two com- for the project to be funded by cost £58m. A further £2m has panies involved in the joint north east water users. The

the mostly over 15 years but on a weir at Bakethin at the north Kielder Water project is large renewable basis so they can be western extremity of Kielder

Some £63m of the loans were taken through the European Investment Bank-in every case because the EIB rates were more favourable than any of the prevailing variable rates and fauna. obtainable in Britain. The EIB Another £9m was spent on rates were still advantageous diverting roads and building a when exchange control arrange new eight-and-a-half-mile road obtainable in Britain. The EIB when exchange control arrangements had been taken into account to guarantee against losses through fluctuations in the foreign exchange markets.

Balance

The balance was raised from Government - backed National Loans Fund.

These loans have to be serviced through the water charges to consumers in the region. It is estimated that £5 of the average household's annual water bill of £57 is now directly for the Kielder Water project. The break-down of the costs

of the scheme, which took about 10 years of planning before work began in 1976, is split between the main dam. the subsidiary dam, the pumping stations, the tunnels and the preparatory work and roads.

The headworks of the main dam, three-quarters of a mile long and 170 ft high, at Kielder spent on building a

reservoir to prevent unsightly mudilats being revealed during drawdown of water. The resulting small lake behind Bakethin will become a nature conservation area with protected flora

along the south shore, together with three bridges across burns, to replace the old, now-submerged road along the valley bottom.

Water released from Kielder Water flows 36 miles down the River North Tyne and the Tyne itself to Riding Mill where a-305 ft adjustable weir and pumping station have been built. at a cost of £18m. This is Britain's largest pumping station and the Northumbrian Water Authority will eventually be able to take 20m gallons of water a day up from here.

From Riding Mill water travels into an intricate network of pipes and tunnels reaching the highest point of the aqueduct four miles away and 700 feet higher. Other tunnels, including one which runs for 20 miles down to 1,000 feet below the Durham Felis, take water to the Rivers Wear and Tees. This network plus the creation of a

Small items accounted for £5m and the remaining £22m of job-creation potential.

Josi no lito

the gross cost is capitalised. In addition the project, by interest due to arrangements regulating the three main which enabled Northumbrian rivers of the north cost and the gross cost is capitalised Water Authority to delay payments for the scheme until it was almost completed. In addition recreation,

amenity and sporting facilities will make the Kielder project the largest leisure complex in. Britain Facilities for such pursuits as angling, sailing, picnicking, camping and walking

Tourist Board, the Countryside Commission, the Sports Council and, once again, the EEC Regional Development Fund.

Facilities

The fund has been particularly enthusiastic about the scheme, partly because of the regional nature of the project and partly because of the depressed state of the region. The north east is a low-wage,

high unemployment area need of industrial and economic 4m cubic metres volume which revival. Although the Klelder took four-end-a-half years to Water project itself will not provide many permanent jobs, more than 1,000 people were working headpond at Airy Holm cost on it at his peak development some £53m.

Period. The leisure and recrational aspect provides wide

using them as aqueducts can make water available over the whole region to whoever wants it. The north east is therefore the only region in Britain which can tell industry looking for a site that wherever it chooses to be within the region, and no matter how much water it requires, it can be serviced.

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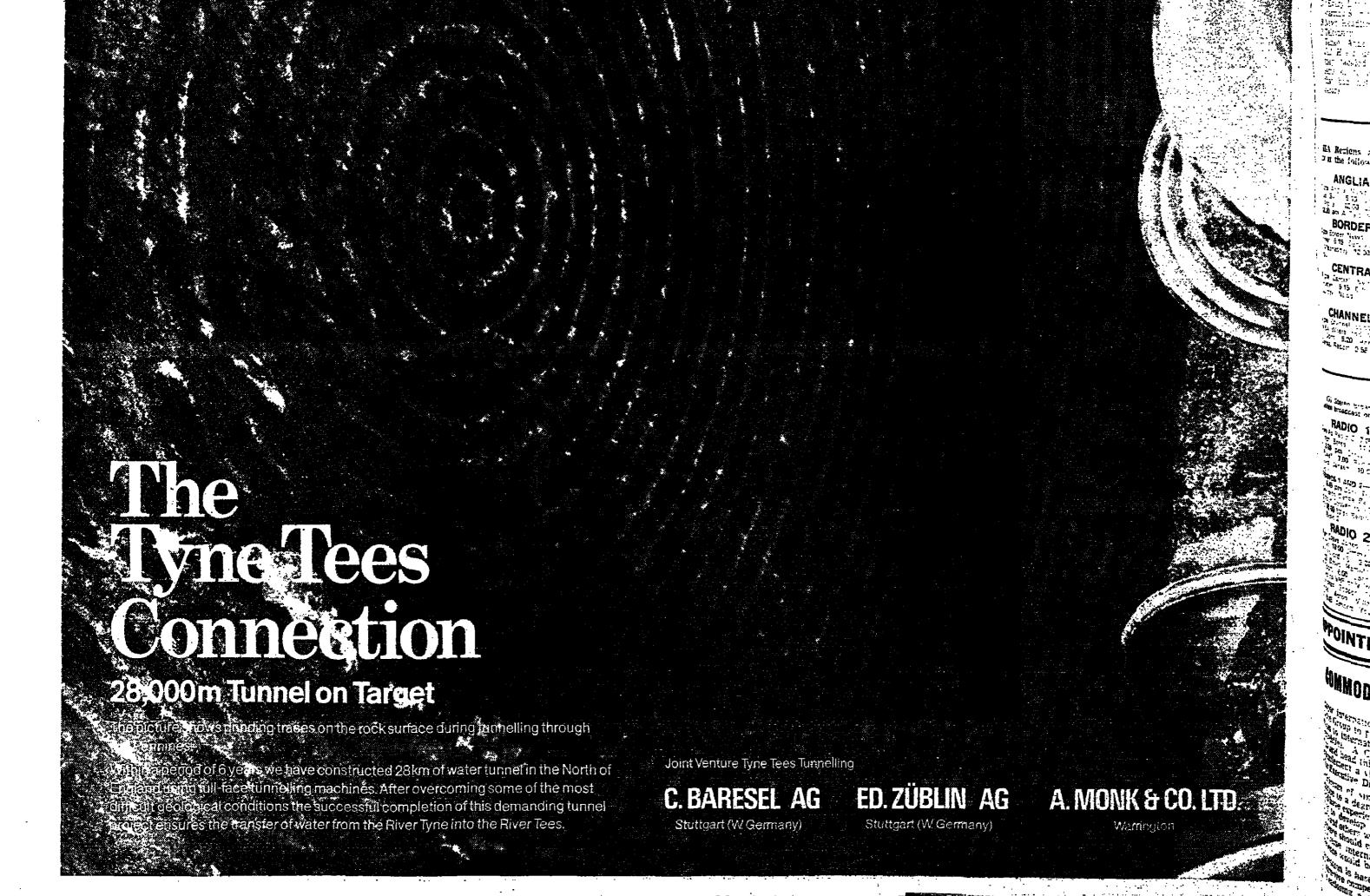
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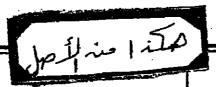
are being improved at a cost of The fund thought that com-f2.5m spread over six years bination of features made the Eventually more letties and Kielder Water project worth slipways will be built supporting on a large scale. The Grants totalling £800,000 European Investment Dans towards the leisure facilities again active in the region for the English having agreed a £50m loan for t the cleaning up and improvement of the River Tyne. Although the residents of the

north east have to pay for the scheme as part of their water charges and many of them fought the idea through two lengthy public inquiries—there have been signs of public approval since the lake took

Its cost was not only the - £167m cash. About 1.5m trees were felled and the dam is an earth empankment of more than build. That is a third more material than the Egyptians required for the largest of the pyramids which took 100,000 slaves 30 years to build.

Robin Pauley





A romantic tale for our time

BY ROBIN LANE FOX

had decided to visit the Chelsea For those of you who missed it, priced clematis on sale just the rest. or saw a small fraction at longrange, I would like to sort my gap of a dead Escallonia with memories into order and discuss a few of the better plants.

At £5 a time, Harkness' Roses. new climber, Breath of Life, may have to wait a year or two for a general welcome. I have seldom bothered with novelties from rose-growers, but this one may fill a tantalising gap. The flowers have the shape of a modest hybrid Tea with a tapered central crown of petals. This is charming, but not unusual. Their colour, however, is a soft peach pink shading to apricot pink, " as gentle and kind a shade,"says Harkness of Hitchin, Hertfordshire, "as may be imagined." I agree. This rose can be pinned up to a height of around S feet and ought to suit any wall except for a strong, red brick. It is bred to stay. having the blood of that tough, copper orange Alexander in half she is. of its veins. Nineteen-eightytwo is the centenary of the Royal College of Midwives, an event which gave Breath of Life its name. Over 1,500 alternative names were rejected, which makes me wonder what they were. Still, the rose, at least, has not miscarried and I wait to see whether black spot and mildew give it a rapid kiss of tone on the reverse of their look like TV triffids whose day death. If not, I will enjoy it on the front of my house where colour. Vogue grows freely and ner ought to find them easy and

BBC 1

(Ultra High Frequency only). 10.06-10.12 You and Me. 10.46-

12.30 pm For Schools, Colleges.

1.00 News After Noon, 1.30-1.45 Over the Moon, 2.01-3.00 For

Schools, Colleges. 3.53 Regional

News for England (except London), 3.55 Play School, 4.20

Scooby Doo, Where Are You?

4.40 Oscar, Kina and The Laser.

5.05 John Craven's Newsround.

6.00 Regional News Maga-

7.00 The Wednesday Film:

'Nickelodeon,"

Reynolds,

11.28 News Headlines.

11.30 Television

out, starring

Tatum

and

Sportsnight, introduced

Tenko: Anne Valery and

Jill Hyem describe how they tackled the prob-

lems of telling a story

that had not been told

5.10 Wildtrack.

zines.

Ryan

9 M News

9.30 Taxi.

6.25 Nationwide.

5.40 News.

6.40-7.55 Open University

IT LOOKED last week as if the winter played such havor belongs with the other double I dare say they might make a every gardener in the country with the older climbers. flowered beauties, pale cream meal of him too before long. A week before Chelsea I had yellow Laura Drisert, lemon Flower Show at the same time, been tempted by some fiercely white Duchesse de Nemours and

down the road and had filled the that old and solid variety, the deep lavender-flowered William Kennet. As usual, the clematis shown by Fisks of Westleton, Saxmundham, Suffolk, make me wish I had waited. The deep ruby red Niobe is as tough and prolific as she seems at Chelsea, a superb recent clematis for walls in town or country. So, too, is the lovely Dr Ruppel, a flower of middling size whose pinkish rose background is marked with strong bars of deep rose red, running into a centre of golden stamens. He flowers in late May, just before Niobe. and repeats a small show in favourable Septembers. Whereas Niobe likes to be cut down to ground level in March, Dr Ruppel needs no pruning at all. I prefer him to the bigger Nelly Moser, generous though

Kelway's peonles, from Langport, Somerset, also fill me with regrets; have I failed to choose the best varieties for my limited space? By now, I suspect that they are capable of showing any peony to perfection, but this year I added the soft pink Vogue to my list, a very large flowered variety. Its double pink flowers

a brilliant rose pink form of Reigate, verbena which goes by the name of its home, the great garden at Sissingburst. It turns up in the best gardens which open themselves to the public, but I have never seen this bright carpeting plant in any general list Robinson's Hardy Plants of Swanlea, Kent showed it this year, together with a lovely flushed form of that spreading South African daisy called dimurphotheca, Tresco ashore in New Zealand, he Purple. Neither this nor the struck up a friendship with a verbena would be reliably hardy in most gardens, but they would multiply like weeds from late settled down, only to receive a summer cuttings kept safely in a cold house or window-sill during the winter. They match each other prettily and are a better buy than the soft bedding annuals which seem to cost as much and last for two months

reverse the usual order of survived, amusingly, in the nature and follow up Chelsea's keeping of a family related to show of carnivorous plants. Shackleton, Scott's former comreverse the usual order of nature and follow up Chelsea's Marston Exotics, Marston Mill, Frome, Somerset, supplies plants which feed on insects and other forms of flesh. The

More sociably, I would welcome the new form of For some while, I have envied Jacksons, 10 Ringley Park Road, Surrey. Called Constance Finnis, these are a brighter and larger form of the usual cut flowers, proving hardy on well drained soil in the past winter. They derive from New Zealand in a romantic tale for our time.

> In 1904, Commander Finnis served on board a task force. sent to relieve the ice-bound Captain Scott and the ships of the Antarctic exploration. When young woman. Returning home, the commander married and packet of seeds after the 1945 war from this long-lost friend in his past. His wife took the matter in her stride and enjoyed the poppies for years in her Reigate garden.

After the family dispersed, only.

If you have a warm home, but no garden, you might like to in an Irish garden. They had poppies spread again and from autumn onwards, you can enjoy young plants from Reigate. By the 1990s, who knows what might come home for our gardens from a Falklands sweet-

TELEVISION

Chris Dunkley: Tonight's Choice

Something rather eerie was to have happened round about 10 o'clock: at 10.00 ITV screen the 1978 horror movie Omen II which is about the coming of the Antichrist; and at 9.50 in "QED" BBC-1 was to have offered a 60-minute Guide To Armageddon which is still billed in Radio Times. It looked as though the broadcasters knew something we didn't.

However, the QED programme which sounded much the most interesting (quite possibly the long-awaited up-date of the suppressed "War Game" though the BBC has kept it very quiet and not even offered the critics' preview which they organised for the rest of the QED series) has now been pulled out of the schedules. It is simply said to be "unsuitable" but I understand the reasoning is that if by chance BBC News had to break in with bad tidings from the Falklands, it would be quite appalling if the network then had to resume with the vivid simulation of nuclear attack on London contained here.

Clearly the answer is to watch the BBC like a hawk in case they use the opportunity to quietly forget A Guide To Armageddon, and for tonight switch to BBC2 and watch the second of the four Frost In May plays. The first was excellent,

by Harry Carpenter: "Every Little Movement," Carpenter: 6.40-7.55 am Open University. starring Shirley MacLaine. 10.20-10.45 Gharbar. Writer:

11.00-12.25 Play School. 12.30-1.20pm Open University. 5.10 Wittgenstein and the

†5.40 Charlie Chaplin in "Easy Street."

6.10 Saved in the Nick of 6.50 The Ascent of Man.

7.40 News Summary, 7.45 Hooked 8.15 Kielder Water.

9.30 Frost in May. 11.00-11.50 Newsnight.

LONDON

9.30 am Schools Programmes 11.54 Dick Tracy Cartoon, 12.00 Windfalls. 12.10 pm Rainbow. 12.30 Play It Again, 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 Afternoon Plus by Mary Parkinson: 2.45 The Six Million Dollar Man. 3.45 Three Little Words. 4.15 Bugs Bunny 4.20 Animals in Action. Sunny Side Up. 5.15 Mr Merlin.

5.45 News. News.. 6.00 Thames with Gardner Andrew and Rita Carter.

6.30 Coronation Street. 7.00 The European Cup Final between Aston Villa and Bayern Munich Commentary by Brian Moore and analysis from Brian Clough Gary Newbon is the reporter.

"Damien — Omen II." starring William Holden,

Lee Grant and Jonathan Scott-Taylor.
12.00 Superstar Profile: Direc-Brooks talks to Catherine

Laporte. 12,30 am Close: "Sit Up and Anderson.

in black and white

12.00 Jazz and Blues: Tom Waits—composer, vocalist and planist, 12.35

TYNE TEES

All IBA Regions as London

except at the following times: ANGLIA 1.20 pm Anglia News. 2.45 Deeply Regretted Sy. 5.15 Jangles. 6.00 About Anglia. 12.00 Love American Style. 12.30 am A Tate of Two Cities.

BORDER 1.20 pm Border News. 2.45 The Lest of Summer. 5.15 Survival. 6.00 Look-around Wednesday. 12.00 Border News

CENTRAL 1.20 pm Central News. 2.45. The Body Human. 5.15 Diff rant Strokes. 6.00 Central News. 12.00 Barney

CHANNEL

1.20 pm Channel Lunchtime News.
What's On Where and Weather. 2.45
Trapper John. 5.20 Hers's Boomer.
6.00 Channel Report. 9.58 Channel Lete

GRAMPIAN

9.25 am First: Thing: 1.20 pm North News. 2.45 Trapper John. 5.15 Jangles. 5.00 North Tonight. 12.00 Seachd Laithean (the week's news in Gaelic). 12.30 am North Headlines. **GRANADA**

11.54 am Wattoo Wattoo. 1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Courr. 2.30 Putting on the Style. 2.45 The Lest of Summer. 6.00-Thic is Your Right. 6.05 Granada Reports. 12.00 Living Legends of Jazz (Ramsey Lewis).

1.20 pm HTV News. 2.45 Fantasy Island. 4.15 Ask Oscari 5.15 Privata Benjamin. 6.00 HTV News. 9.58 HTV News. 12.00 Ladies' Man. HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ty Bach Twt.

4.15 Here's Boomer. 4.45-5.15 Liygad Barcud, 6.00 Y Dydd. 6.15-6.30 Report

SCOTTISH 1.20 pm Scottish Naws. 2.45 Love Boet. 5.15 "The Story (so far) of Mr and Mrs Thomes and Natalina McGrory's Amazing Marching Band." 6.09 Scotland Today followed by Action Line. 12.00 Late Call. 12.05 am Pro-Calabrity Snooker.

1.20 pm TSW News Headlines. 2.45
Trapper John. 5.15 Gus Honeybun's
Magic Birthdays. 5.20 Here's Boomer.
6.00 Today South West. 9.58 TSW
Late News. 12.30 am Postscript. 12.35
South West Weather.

1,20 pm TVS News. 2.45 Trapper John. 5.15 Watch This Spece. . . Good News of the Week. 5.30 Coast to Coast. 6.00 Coast to Coast (continued).

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Love Boat. 5.15 Private Benjamin. 6.00 Northern Life. 12,90 Flowers in our

ULSTER 1.20 pm Lunchtime. 2.45 Young Ramsey. 4.13 Ulster News. 5.15 Good News of the Week. 5.30 Good Evening Ulster. 5.00 Good Evening Ulster. 9.59 Ulster Weather. 12.00 News at Bed-

YORKSHIRE

1.20 pm Calendar News. 2.45
Charlie's Angels: 5.15 Private Benjamin.
6.00 Calendar (Emiley Moor and Beliannt editions). 12.00 The Living
Legands of Jezz and Blues (Dizzy

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 em As Radio 2. 7.00 Mike Read. 8.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Perer Powell. 7.00 Radio 1 Mailbeg. 8.00 David Jensen. 10.00-12.00 John -Part (St. Peal (S):
VHF RADIOS 1 AND 2—5.00 am With
Radio 2, 3.45 pm John Dunn (S) 8.00
Also Bell with Dance Band Days 8.30
Among Your Souvenirs (S) 8.45 With
Radio 2, 10.00 With Radio 1, 12.00-5.00
am With Radio 2.

AM With Radio 2.

5.00 am Steve Jones (S). 7.30 Ferry Wogen (S). 10.00 Jimmy Young. 12.00 Gloris Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News. Sport. 6.00 John Dunn (S) (Continued on VHF only from 6.45 pm). 6.45 European Soccer: The European Cup Final, Aston Villa v Bayem Munich. 8.45 Among Your Souvenire

RADIO

(5). 4.00 Choral Evensong (S, 4.55 News. 5.00 Mainly for Pleasure (S); 7.00 Mozart (S), 7.15 Easter Vigil (poerty written by Karol' Worlyls. Pope John Paul II). 7.45 Hans Werner Henze, concert from the Queen Elizaben (S). 4.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 7.05 Six Continents. 8.40 Hans Werner Henze, concert from the Queen Elizaben (S). 5.00 News. 8.05 News. 8.05 News. 10.00 News. 9.50 News. 8.06 News. 10.00 N

10.02 Gardeners' Question Time visits Cumbris. 10.30 Delly Service. 10.45 Morning Story. 11.00 News. 11.03 Beker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 The Other Side of Silence (S). 12.55 Weather, travel, programme naws. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.60 News. 2.02 Afternoon Thestra. 3.47 Time for Verse. 4.00 News. 4.02 Alun Williams reflects on "PapperClips and Tension." 4.10 File On 4. 4.40 Story Time. 5.00 PM: News Megazine, 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News, including Financial Report. 6.30 Quote ... MacQuote (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 A World in Common. 8.15 The Orient Express. 3.45 Nuclear Energy — the Way Ahead? 9.30 Keleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Men of Property. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

APPOINTMENTS

COMMODITY FINANCE OFFICER

A major international bank is creating a new Commodity Finance Group to provide a comprehensive range of financing services to international customers dealing in soft and hard commodities. A Commodity Finance Officer is required to set up and head this group and will be expected to formulate and implement a viable business and credit policy, reporting to the Executive Director, Banking.

A minimum of six to eight years' banking experience and education to a degree level is necessary. The ideal candidate should have experience in commodity financings having proven ability to develop new business, to liaise successfully with clients and others within the bank's own organisation. His/her experience should comprise broad commodity market coverage and diverse international experience. Start up commodity experience would be desirable.

The position is based in London, with some travel necessary. An attractive compensation package will be negotiable. Please write enclosing a curriculum vitae to:

> Box A.7870, Financial Times 10 Connon Street, London EC4P 4BY

DARTY GROUP



Consolidated Results for 1981-1982 (in '000 French francs)

	1981/1982	1980/1981	Change
Sales		1,363,001	+26.4%
Pre-tax profit	197,880	145,544	+36.0%
Profit after tax	102,183	80,302	+27.2%
Earnings per share (in francs)	67.16	52.77	+27.2%
Cash dividend per share (in francs)	24.0	19.0	+26.3%
Mha ann diadanda will ha		IU 90H 1009	ofter the

The cash-dividends will be paid on July 20th, 1982 after the approval of the Annual General Meeting of the shareholders which will be held on July 2nd, 1982 in Paris. Since the beginning of 1982, the DARTY GROUP has opened four new stores in France and two in Madrid (Spain) by its

FT COMMERCIAL LAW REPORTS

Bank's duty towards letter of credit

UNITED CITY MERCHANTS (INVESTMENTS) LTD v ROYAL BANK OF CANADA AND OTHERS House of Lords (Lord Diplock, Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Scarman and Lord Bridge of Harwich); May 20 1982

credit.

purchase price of \$862,086 in evade Peruvian exchange control the presentation of apparently favour of the sellers. The plain-regulations by entering into a conforming documents were not WHERE DOCUMENTS, which contain a material misrepresentiffs in the present action were tation of fact, are presented to merchant bankers; United City a bank under the terms of an Merchants, to whom the sellers irrevocable letter of credit, had transferred the credit as the bank has a contractual security for advances made to duty to honour the letter of credit unless it can prove that

it was the beneficiary himself who was responsible for the trand. Moreover, where a contract attempts to avoid national exchange control regulations in contravention of the Bretton Woods Agreement, the contract is unenforceable only to opened the confirmed letter of credit in accordance with these arrangements. It was subject to the extent to which it is a monetary contract in disguise under the Agreement.

The House of Lords so held in allowing an appeal by the plaintiffs, United City Merchants (Investments) Ltd, from a decision of the Court of Appeal which held that the misrepresentation in the documents preented to the defendants, Royal Bank of Canada, entitled them to refuse payment to the sellers under an irrevocable letter of

Article VIII section 2(b) of the schedule to the Bretton Woods Agreements Order in Council 1946 states: "Exchange contracts which involve the currency of any member and which are contrary to the exchange control regulations of that member maintained imposed consistently with this agreement shall be unenforce-able. . . "

LORD DIPLOCK, in a unanijudgment, said that in 1975 a Peruvian company, Vitrofuerzos, arranged with Banco Continental SA of Peru to issue credit for the purchase of a glass fibre manufacturing plant from a firm in Malvern, England, Glass Fibres and Equipment Ltd (the "sellers"). Banco Conti-nental, in turn, appointed the respondents, Royal Bank of Canada, to confirm an irrevocable letter of credit for the Payment was to be made in

London in three instalments, of which the largest (70 per cent of the price and all the freight charges) was to be made on presentation of the shipping The Royal Bank of Canada

the Uniform Customs and Practice for Documentary Credits and was made available against delivery of "on board" bills of lading for shipment on December 15 1976 at the latest. An initial payment of the first instal-ment of 20 per cent was also made on the opening of the However, through delay on the

part of the loading brokers, the goods, which were ready by the beginning of December, were shipped only on December 16. one day later than stipulated under the letter of credit. Upon request by the bank for an "on board" notation, the loading brokers, who were acting as agents for the carriers and not for the sellers, made out the bills of lading as bearing the date of shipment on board as December The sellers had no knowledge of this misrepresentation.

On receipt of these documents, the bank refused to pay out under the letter of credit on the ground that they had information that the actual shipment did not conform to the date on the bills of lading.

The bank also contended that the contract of sale and the letter of credit for which it was issued were unenforceable under the Bretton Woods Agreement. It transpired that Vitrofuerzos had attempted to

collateral contract with the matched by a contractual liabisellers to double the purchase were thereafter to remit one half any fraud on his part) to pay of the amount drawn under the sum stipulated in credit on the account controlled by the buyers who would then receive dollars in Florida for the currency pro-

vided to them in Peru. Lord Diplock said that their Lordships were primarily concerned with the documentary credit point. In the absence of any direct authority, this had to be decided by reference to the first principles that governed the contractual obligations of the various parties in a transaction consisting of an international sale of goods financed by means of an irrevocable documentary

There was only one established exception to the general rule that a bank is under a con-tractual obligation to the seller to honour the credit if the documents he presented to the confirming bank conformed with its requirements: that was where the seller, for the purpose of drawing on the credit, fraudulently presented documents that contained material representa-tions of fact that to his knowledge were untrue.

The present case, however, did not fall within the fraud exception. The judge at first instance had found the sellers to have been unaware of the inaccuracy of the loading date and to have believed that it was true that the goods had been loaded on or before December 15, as required under the terms of the letter of credit. The persons letter of credit. whom the issuer of the document intended to, and did, deceive included the seller himself.

It would be strange from the commercial point of view if the contractual duty that confirming and issuing banks owed to the buyer to honour the credit on

lity of the confirming bank to price of the plant; the sellers the seller (in the absence of their letter of credit to a Miami presentation of similar docu-

To accept otherwise, Lord Diplock said, would be to destroy the autonomy of the documentary credit which was its ruison

With regard to the unenforce ability of the letter of credit under the Bretton Woods Agreement, his Lordship accepted the narrow interpretation placed on the phrase "exchange contracts as being confined to contracts to exchange the currency of one country for another. He could not accept, however, that because the contract of sale at the inflated invoice price was a monetary transaction in disguise. the autonomous documentary credit was also to be thus described.

Moreover, no difficulty existed in identifying the monetary transaction that was intended to be concealed by the actual words used in the letter of credit and in the underlying contract of the substance of the transaction to which enforcement of the con-tract would give effect. Payment of the sum to be transmitted to Florida contrary to Peruvian exchange control regulations was unenforceable, but payment of the other half of the invoice price and of the freight was not. For United City Merchants: Alexander Irvine, QC, and Andrew Longmore (Nicholson, Graham and Jones).

For Royal Bank of Canada: David Johnson, QC and Richard Wood (Thomas, Cooper and

By Aviva Golden

RACING

BY DOMINIC WIGAN

DESPITE the presence of Fort Lamy in today's Clayton Handicap at Brighton, I shall be looking to the fillies—Apple Blossom and Hit The Line. There should be little in it.

Apple Blossom had the miswas to her credit that she only an

went down by a length after jockey, will come out on top. attempting valiantly to overcome a low draw.

a double after getting the better cap, the way should be clear of Sound Of The Sea in the for the locally trained course BPA Betting Offices Spring specialist, Handicap over six furlongs at McGlone's Handicap over six furlongs at the last meeting. She, too, showed considerable courage, holding off the runner-up in a towards the end of April. driving finish after taking up fortune to come up against the running inside the final yesterday's highly rated Salis furlong. There should be little bury runner, Gambling Lord, at in it, but I suspect that Apple probable that Yves Saint-Martin Lingfield last time out, and it Blossom, ridden by Paul Cook, will be back at Epsom in Mr outstanding Brighton Daniel Wildenstein's navy blue

Now that Fabulous Dunce, Leopard's Rock, and Dolly

Hit The Line, a previous Mixture Boy have all been withwinner at Brighton, is chasing drawn from the Channel Handi-Corven. mount Hoodwink close home in a selling handicap on this course Looking ahead to the season's most important fillies' racenext week's Oaks-it now seems

back in 1976. Mr Wildenstein has confirmed his filly-All Along—as a definite runner for the Oaks. BRIGHTON

and white colours which he

2.00-Speed Baby 2.30—Apple Blossom***
3.00—Bracadale 3.30—Dover Fort 4.00—Corven**

4.30—Another Thrill

CATTERICK

2.15—Mummy's Apple 3.45—Student Venture* 4.15—Playful Paddy



Super 80 leaves competition at the gate in new passenger survey.

Hyers give McDonnell Douglas twinlet high marks for quiet ride, seating comfort and cabin atmosphere. This survey pitted jetliners similar in size and number of

seats in head-to-head competition. The same class of service, same fare, flying the same routes, on the same days, on the same airline -virtually everything was the

Except the results!



der **seats, wider eiste and two-across seating co**mbibute to pa

The Super 80 rose miles above the competition at every point of comparison: Quietness and smoothness of ride; leg, arm and shoulder room; seat-to-aisle access: carry-on luggage facilities; air quality, temperature and circulation; cabin size and decor. The Super 80's high ratings held up even when the planes were more than

In this survey of more than 1,200 passengers, conducted by a leading independent research organization. the Super 80 was rated "very appealing overall" nearly twice as often as the 727. "Knowledgeable" passengers -people who fly a lot and know airplanes-preferred the Super 80 three to one over the 727.

We'd be happy to provide more details about the survey results. Just write to: Travel Industry Affairs, 3855 Lakewood Blvd., Long Beach, CA

90846. But better still, come aboard a new Super 80 first chance you get See for yourself why this jet leaves the competition at the





The 'secret' of Japan's success: plain managerial competence

Wolf Reitsperger on a myth-breaking study of Japanese manufacture in Europe

the most concerned with per-

were

Nor does Japanese manage-

this respect, at least, most

Japanese companies in Britain

and Europe have been found to

play the local game by offering

right up and down the scale

of employee satisfaction.

than local manufacturers.

Performance

On the other hand,

particularly key feature of

the Japanese approach is the

emphasis placed on the individual's achievement of

improved performance. In con-

trast to most of British and U.S.

manufacturing, Japanese man-

agement has instituted perform-

ance feedback systems which

indicates the quality perform-

ance of each assembly worker.

Individual quality performance

is fed back informally on an

immediate basis, and formally

on a daily basis in the form of

clearly displayed graphs, coded

by error. As a result, individual

workers, managers and super-

visors are continuously aware of

Such a system is a precondi-

tion for success if a worker is

each person's performance.

sonal well-being.

companies

the average.

Japanese

peppered

HORDES of Western executives, journalists and pseudo-scholars which continue to blitz through Japanese factories on lightning tours have created a mystical aura around Japan's highly successful managerial style. The Press has lauded the ability of Japanese management to create "oneness" and happiness among employees, and to produce the raving worksholics who have propelled Japan to a frontline position among industrial nations. Pseudo-scholars have chorused these sentiments and the thirst of American managements in particular for cookbook approaches to the Japanese challenge has brought fame and fortune to those who have capitalised on this interest.

At the same time, Western management has put up a sustained whimper about superior technology, favourable labour conditions, and work attitudes in Japan, and has put pressure on Governments to introduce protectionist measures to avoid

But the crux of Japanese manufacturing success, both at home and abroad, can actually be expressed in one word-competence. Japan's productive superiority is the consequence of its tremendous capacity to streamline and manage organisations so that they achieve con- son of reject rates at identical tinuous improvements in pro-ductivity and performance. This is "organisational engineering" solely to human error in of an entirely logical and comprehensible sort.

This is the main finding of in British manufacturing.

The of several three-year-long Rather than the usual cliches one of several three-year-long studies of Japanese management in Europe by a London School of Economics research team at the International Centre for inscrutable techniques of moti-Economics and Related Disciplines. In particular the study looked closely at consumer electronics manufacturing. Among the findings of the research was is the fact that employee satis-that Japanese companies in the faction varies remarkably widely UK obtained output levels that were more than double that of manufacturing. and more than 50 per cent higher things, the distinctly different

At the same time, the study Japanese found that the Japanese companies achieved quality levels which far exceeded those of U.S. and UK manufacturing. Reject



failure, were roughly a quarter of those of equivalent British companies in the Japanese companies when they were first established, but this decreased to about one eighth within 12

frequently discussed superiority of Japanese componentry may provide part of the explanation, but a comparistages of the assembly process showed that those traceable companies roughly one tenth of those found

about Japanese personnel management, the country's industrial success rests on altogether less vating, supervising and rewarding employees, both on the shopfloor and in the managerial hierarchy. Of equal significance from one Japanese factory in Europe to another.

This reflects, among other than U.S.-owned producers management philosophies, poli-operating in the U.K. management philosophies, poli-cies and practices that the companies adopted towards human relations. In our survey it was the UK subsidiary of a U.S. manufacturing company, not a rates. including component Japanese one, which was per- to be motivated to improve his role of facilitator and assistant, Administration.

of pride in his work monetary the tradition in European and rewards, the opportunity of American practice. promotion or just a pat on the shoulder by management.

In Japanese manufacturing the feedback on an individual operator's quality performance the principal vehicle for assessing his promotability. Roughly 10 per cent of operators in the surveyed Japanese firms are promoted annually to senior levels, and since the companies have abstained from introducing quantity-related bonus systems. higher pay can only be achieved via quality performance and a move up in

in the absence of fixed quality goals, and since indivi-dual achievement is considered in relation to those of co-workers, employees own quality goals are in a constant state of upward flux — and with them the quality achieve-ments of the factory as a whole. Under these conditions, plan-ning for "acceptable quality levels" is totally obsolete. since quality that would lead to rewards today might not be considered good enough tomor-

ment generously distribute row. better fringe benefits or pay Pe Performance improvement is served equally effectively by the role of supervisors in Javanese companies, since employees recognise the need for supervisory competence to help them improve their performance, and ultimately their rewards. It is this, rather than his higher position in Japanese organisational hie-rarchy, which increases the supervisory acceptability and

> In one Japanese company performance-reward relationships were clearly spelt out, only half as many workers indicated that supervision interfered too much as in a matching British case. Ample evidence of the form this assistance sometimes takes is visible immediately one enters a Japanese production plant, in the form of detailed charts and simple mechanical aids simple mechanical aids, which are not mass merchanbut geared to some operator's striving for quality performance.

Thus the supervisor plays the

performance, whether because a different approach than is

While the activity of supervisors is extremely similar in all the Japanese companies in Europe, their styles do differ in line with philosophy and policies. But these differences tend to affect employee satisfaction, rather than performance; the two are by no means directly related, as the article below argues. Transport by taxi to and from the doctor, and various other practices frequently interpreted as acts of genuine humanity, have the secondary benefit to the company of bringing competent employees back to the assembly serves a similar purpose.

So such practices serve organiobjectives, especially against the background of an extremely tight personnel allotment in Japanese companies in Europe. This in itself is an indication of managerial com-

Other closed shop and flexibility agree-ments with one union for skilled and semi-skilled workers. greatly simplify dealings with unions. And marketing strategies which take into account the needs of existing production technology, production organi-sation and logistic systems allow for efficiency-fostering production runs. This requires an understanding of an organisa-tion as being composed of interacting interdependent parts and not as independent entities.

An example of the lack of such understanding is provided by one British manufacturer. which lost more than 10 per cent of its output because of the complexity of its produc mix and order grabbing, which made orderly and efficient pro-duction runs impossible. The Japanese avoid such mistakes like the plague.

Before he joined the LSE research team. Dr Wolf Reit sperger worked in production management for AEG Tele-funken in Germany, and then in tarious capacities in Austria and Japan. He is now visiting professor at the University of Hawaii School of

BOARDROOM BALLADS

THE POWER OF POSITIVE BLINKING

Since wishes, as the young are taught, Are really jathers to the thought: And thinking, for the businessman, ls for avoiding when we can; And since our board had had enough Of all this corporate planning stuff. Finding that it didn't suit us-All this messing with computers; We all unanimously stated That thinking may be over-rated! Henceforth we would value higher The use of corporate desire. And decimate the competition By force of positive volition!

Scarcely had we made a mention Than the news leaked out as well Of our boardroom wishing-well; Then press and television news Pestered us for interviews: And the brokers ran amok Marking up the company stock.

Academic commentators Rushed to validate the status Of management by wish-kinetics As superceding cybernetics, Locating the astounding credo In the corporate libido. And, in a rash of books, rehearsed Which one of them had said it first. While every business school was billing Programmes in collective willing. Claiming Shinto and Islamic Sources for the wish-dynamic.

7.★ana

Unions were quick to claim Participation in the game. Contented that the wages bill Be settled by collective will; And moved that plant negotiation Be based on mass desideration. And Government, whose every act is Lost but little time in hiring The head of corporate desiring. From a well-known corporation, To brief the wish tank on inflation.

To name us Business of the Year.

Bertle Ramsbottom

BUSINESS PROBLEMS

Bankruptcy

In 1976 I was a director of a manufacturing company and in the year 1978 the said company was wound up and a receiver appointed. four years later. I am to go on trial charged with fraudu-lent trading and not keeping sufficient books. Should the case go against me, I have been told I would face a personal bankruptey. In September 1979 I married and reside and work in Italy and have been here ever since. I have about 70 per cent of my assets in an English bank, including a small portfolio of shares valued at about £10,000 and my wife owns a building plot of land which I bought for her in March

If I were to transfer my assets to Italy, what jurisdic tion if any, would the liquidator have on my transferred assets and also the assets

I have already here? Would the liquidator be able to claim my wife's assets including the building plot purchased last year? Where could I obtain more detailed information on bankruptcy

and in particular any books you could recommend on the subject?

If you are no longer domiciled in England a petition in bankruptcy cannot be entertained here, as Section 4(1)(d) of the Bankruptcy Act 1914 would not be complied with. However, if there were an adjudication here all personal property here or abroad would vest in the trustee in bank-ruptcy, so that a transfer of assets to Italy would only-make it administratively more inconvient to get in those assetsit would not place them legally beyond the trustee's reach. Your wife's property would not be affected, but if she holds property on trust for you the benefic al interest would vest in the trustee in bankruptcy-the building plot probably falls within that category. You may wish to refer to Williams and Muir Hunter on Bankruptcy.

Rent increases

bought some terraced houses in 1955 the net rents of which are £1.38 per week and the only rent increases I have had have been 124 per cent on the cost of any improvements I have done.

altered the situation? 2-What is a controlled tenancy! 3-What is a regulated tenancy? 4-4s it neces provide a handrail on the stairs and if so would it be an improvement? 5-Could increase the rent say by £1.00 per week if the tenants agreed?

BY OUR LEGAL STAFF

1-There is no 1981 Rent Act. The Housing Act 1980 will probably not have attered your nosition, 2-A controlled tenancy is one with no qualification certificate, which had a 1956 rateable value of £30; the house was not erected after August 29 1954 or converted after that date; and is a tenancy for less than 21 years which was originally created before July 6 1957. 3—A regulated tenancy is a tenancy within the protection of the Rent Act 1977 which is not a controlled tenancy. 4-Yes to both limbs of your question. 5-No. you should not increase beyond the rent limit. You would be wise to consult a solicitor.

No legal responsibility by the Financial for the an columns. inguiries will

terminal

ni Haii

PRESERVED PENSIONS?

Answer NO to the questions below.

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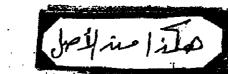
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Television

The better part of valour by CHRIS DUNKLEY

what appears week by week on our television screens. This article is different: it is about what hasn't been appearing on our screens. Seven weeks ago today I mused here:

"The Falklands are not Vietnam but will a British Government really order British warships to attack Argentine forces while British television rameras beam back live pictures via satellite into every British home? We shall see." The pun was handy but in its literal sense quite wrong because we haven't seen.

With the phrase "information revolution " ringing in our ears. and the age of the satellite supposedly upon us, what picnures greeted viewers of the main ITN news on the night Royal Marine Commandos and the Parachute Regiment stormed back into the Falkland islands? Some nice artist's impressions in pastel and water colour painted in London.

Having spent millions of nounds recently on satellites. ground equipment, and ENG (Electronic News Gathering), when it came to the crunch the news programmes found themselves depending upon a breed man that virtually disappeared with our grandfathers' generation: the rapid sketch artist whose work was so familiar to readers of the Nustrated London News during the Boer War.

Though British diplomacy may be keeping our end up the world. the Argentines have, until very recently anyway, been winning the information war bands down. It is not only British audiences which lack British pictures but audiences in the U.S., Mexico, Spain and everywhere else. Millions of viewers in friendly and neutral countries as well as allies of the Argentine have by default been receiving a one-sided anti-British picture so far as actuality material

At the time of writing there are just two routes by which British pictures are reaching London: stills, which have become television's staple, are sent by facsimile transmitter to Ascension Island and from there to the London offices of Cable and Wireless where they are vetted by a Defence Ministry official. ENG cassettes are travelling on board what has become a regular shuttle service tankers and other fleet Hermes would carry one BBC and it began to look as though auxiliaries returning the 4,000 miles to Ascension Island: In order to achieve even this, for both BBC and ITN, plus one

writing in this column about Task Force quite recently (it Nicholson). turned out that, contrary to earlier understanding, the Navy did not have any) and for BBC, reporters words, both spoken ITN and Cable and Wireless to 'lash up" a special arrange more familiar both men are ment for the ENG transmissions from Ascension Island which, incidentally, is off-limits to television and Press even when they are willing to hire their

own Lear jet to get there. The blame for these serious losses by Britain in the information war appears to lie not with the television news services but with the hierarchy of reporter and one stills camerathe Royal Navy and the upper reaches of the Defence Ministry's bureaucracy.

tive told me bitterly: "At the Task Force did not ensure a capable of transmitting mono-

Defence Ministry?

very beginning the Navy's atti-

tude was that the Falklands

affair was an entirely private

do to be played with a Royal

Navy bat and an Argentine ball

and nothing to do with the tele-

Another said: "Mountbatten

must be spinning in his grave.

Seven weeks ago they gave

news and information far too

low a priority, failed to consult

anyone from the news organis-

ations about what was needed,

and only now are they realising

learned all about the modern

war of information in Northern

Ireland and they are quite con-

temptuous of the mess the Navy

from the outset by technical problems which have bedevilled

television coverage and are only

just starting to be solved. Until

recently the broadcasters were

getting precious little help in their solution.

At the very beginning BBC

and ITN news decided that

neither was likely to get any

real edge over the other in terms

of facilities in the South Atlantic and they agreed to co-

operate. Their first shock was to

discover that if the Royal Navy

had its way no television staff at

ships. It took intervention from

Downing Street to ensure that

cameraman and one sound

recordist working as pooled staff

it was necessary to send fac- BBC reporter (Brian Hanrahan) could have any effect on the

Human error was aggravated

The Army

vision johnnies

their mistake.

has made.'

As the combination of calmness and vividness of these herselfand reprinted, becomes ever acquiring great stature and more effective on radio where to be defeated. the listener's mind expects to television where we expect the screen to supply them,

took one Hermes also the news agency co-operatively owned by Britain's newspapers.

information war appears to lie not with the television news services

but with the hierarchy of the Royal Navy and the upper reaches of

journalists to witness—let alone photograph—the liberation of

when it comes to sending home

reports there are two sets of

censors) to contend with: one

on hand with the Task Force

and the other at the Ministry

in Loodon through which all copy flows. Their efforts are added to the effects of three

general D-Notices suppressing

Hence the fury of news chiefs in London when Mrs Thatcher

and others began to inquire

hawkishly why the British mass

media was failing to tell "our boys' story." One seething tele-

vision news executive suggested

that her aides should point out

the cause: "HMS Silencer sil-

ting 500 yards from her own

Government and MoD officials

and the heads of BBC News.

ITN and the Press Association

(Peter Woon, David Nicholas

and David Chipp) rapidly

escalated to a very high level.

It took the intervention of the

Defence Minister himself to

news crew was taken aboard

the Canberra when she sailed,

only a direct instruction to the

Woodward.

Sandy

Frequent meetings between

dassified information.

front door.

all would be carried on their ensure that another television

Admiral

supply of news for Press or chrome material but there were

television, however. Not only two huge snags: first it would

did the forces fail to take any only send ENG and his col-

South Georgia, for instance, but Naval radar; and second, in

MoD "officials" (in any other electronic equipment. So the country we would call them ITN engineer left Hermes at

For 10 years I have been simile transmitters out to the and one from ITN (Michael technical delays and that the leg, so even assuming no interonly person to give that instruc- ference from the fleet's election was the Prime Minister

> It had become clear that what was needed was not merely less obstruction and obscurantism from the Navy but, in the unusuproving their organisations ally testing conditions of the right in choosing them. Yet, so Task Force, a lot of positive far, their reports have been help if technical problems were

In addition to the film crew supply the pictures than on and the journalists Hermes had set out with one bright young ITN engineer on board whose job was to fix up some means of reporter and one stills camera-man from the Press Association, the ship. With help from Navy communications staff on board (enthusiastic at that level, it One television news execu- Merely having men with the seems) he did create a system

leagues found that ENG was

subject to bad interference from

order to operate it the Navy had

to close down most of its own

days television has been in-

the South Atlantic to London.

among television news execu-

television networks involved.

long ago have leaned on the

Satellites are the obvious

Atlantic satellite which can be

Ascension Island.

straightened out.

Falklands Crisis: 6 The blame for serious losses by Britain in the

In the other direction informa-

Whatever the reason, delibe rate policy or sheer cock up, they are, surely, wrong. Though tives that if it was the U.S. the U.S. Government would the U.S. may eventually have lost the Vietnam war on tele-U.S. Navy and ensured that all vision that was chiefly because technical hitches were they should never have been there in the first place and television proved it Britain is answer, but the only South fighting the closest thing there is to a just war, at the dawn of the age of information, and have a footprint covering the truth'on screen in every front Falkland Islands to give an up-room—fast—is the best policy.

up mail (not technically impossible. I am assured); or a helicopter delivery service deck-

chiefs have floated some bizarre suggestions: sending film up in a very high flying tethered balloon to be scooped out of the sky by long-range Nimrods like non-stop steam train picking hopping through the back-up fleet all the way to Ascension Island to deliver film,

tropics, ENG could not be

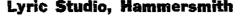
In desperation London news

satellited direct.

Until something can be made to work British viewers must expect to go on waiting any thing up to a formight for their television newsreels. Today or tomorrow the news programme: are hoping to have pictures of the sinking of HMS Sheffield.

tion is flowing with suspicious speed and efficiency. Cassettes of London news programmes (not to mention the Cup Final) are reaching the men in the Task Force just 48 hours after being broadcast in Britain and mail is reaching them remarkably swittly too.

No one grudges them that, but it is difficult to avoid the conclusion that the Royal Navy, uninvolved in any major hostilities for a generation, has decided that where information travelling home is concerned From that point, several suppression is the better part of weeks ago, until the last few valour. No doubt they dread the valour. No doubt they dread the effect on national morale if the volved in a perpetual battle to sinking of the QE2 (heaven get anything at all back from forbid) or some such disaster were to be shown virtually live There is widespread agreement in Britain.



from London does not

Berenice

by MICHAEL COVENEY

The rhyming alexandrines of tragedy, this dilemma resolves one of my favourite schoolboy memories or honour. the effort.

of last year, Mr Fettes turns sexual loyalty at the expense of to the Penguin translation of hysterical blood-letting or John Cairneress, admirably lucid peripheral mishap. and rhythmical but preferring In the course of five brief an iambic metre to the alexan- acts, the Berenice of Sheila Gish drine. The effect is like hearing acquires a most interesting Shakespeare rendered in good tragic weight. For a start, she Shakespeare rendered in good prepared for Peter Brook's Paris callow, rather stilted Titus of

the decision to eschew the beauty banished to early declamatory heroic style of spinsterhood. All the echoes of Racine's theatre in favour of a chamber concentration on of her naturalistic emotional depth gration. charges. The tactic works admirthe anteroom of the new pink and silver, furnished merely with two standing lamps

for five years but, on succeeding his father Vespasian, is suddenly susceptible to political responsi-

itself in a discussion of "Ploire' The triangular and Phedre the chief pleasure arrangement of the piece is of an O-level swot. Berenice completed by the presence of (1670) preceeds that master-Antiochus, King of Commapiece by seven years but proves, gene, who has adored Berenice in this enthrolling revival by for a similar length of time. Christopher Fettes, well worth Each party is accompanied by a ne effort. confident, the play dealing in As in his Britannicus revival major shifts of emotional and

theatre: accurate in content but inaccurate in "feel.".

Marryn Stanbridge. She also manages to re-define the tragic role as that of a swish salon Cleopatra disappear at the sight of her melting, tearful disinte-

Titus emerges as a dithering ably. As designed by Kandis prig, Antiochus (in Peter Eyre's Cook, ancient Roms-or rather eloquent but occasionally overprojected performance) a stoical Emperor Titus—is an art deco romantic. The chair is first used minor folly, walls daubed in in Act V, when Berenice slumps between her two suitors. Mr Eyre's best moment comes when and a heautiful chair.

Titus has been in love with
Berenice, Queen of Palestine, are brilliantly handled by Miss Gish, pitching her tragic speech somewhere between pained despair and stifled, heroic



Glyndebourne

Il barbiere di Siviglia

of the pleasant but unremarkon Monday opened the 1982 Glyndebourne season of the London Philharmonic Orchestra. The partnership made an often-heard score sound intensely fresh and colourful; in details of phrasing. in matters of balance, and in choice of tempos moderate as to speed but by no means moderate in terms of dramatic vitality, Mr Cambreling asserted a view of Rossini original without being

John Cox's production was introduced here last year; it is revived in a way to give an audience much pleasure while failing to persuade me fully that Mr Cox's ideas about producing the most famous and familiar opera buffa proceed far beyond he elegant working-up and precise interlacing of some very nimbly enacted routines. The style, in the comedy exactly as

eccentric.

William Dudley, 15 attractive able Barber revival which without being wholly coherent -what one missed, by the end was of the evening, was the sense Sylvain Cambreling's conducting that one takes from the finest operatic comedies, that the might pursuing their existence beyond the confines of the proscenium Perhaps the gap between the

brightly confident address of

the performance and a truly stylish finish was opened by a partly new cast tother singers from the 1981 Barber return later on), whose ensemble seemed less than perfectly set or matched. The most distinctive contributions are made by John Rawnsley's outsize (in all senses) Figaro and Zehava Gal's Rosina, both of them by now well practised in their roles. Mr Rawnsley's barber offers so much vocal freedom and ring and so much confidence in the braggadoccio buttonholing of undemandingly amiable. his audience, that brashness was

The most interesting feature in the ingenious designs of sometimes only just avoided. The Israeli mezzo treated us to a bounty of lovely, delicately inflected, warm-spirited Rossini singing unnaturally aligned to the pert mix we too often saw in action.

A new Almaviva, the young American Robert Gambill, has an open appearance and an easy vocal manner, impressively agric in the later stages of the even-ing; what he needs urgently to acquire is a surer grasp of vocal his impersonation a sharper identity. The two buffor. Andrew Foldi (Bartolo: and Curt Appelgren were proved useful practitioners of comic business, though in the case of Mr Appelgren's Basilio most of the fun seemed to come from the open-toed sandals and the scarecrow hat. An heroic top line to the Act I finale let loose stand out in the memory from much about the show that was

Grand Theatre, Leeds

Così fan tutte

conscientious but uncommuniby Scottish Opera, who had jettisoned Ruth and Thomas Martin's translation for the supposed attraction of the original language. The resouceful use of that neat and witty American translation is at the heart of this splendid Opera production. by new

Relishing the words, the six soloists convey to the audience not only the absurdities and comic embarrassments of the just under the surface. No puppets are these lovers, even when the couples become dangerously mis-assorted. The physical contact of Dorabella and Guglielmo comes as a shock on stage, but it is a shock that convinces - especially when their duet is sung with such accomplishment Patricia Parker and Robert Dean.

There, is an early visual cue to this plausibility. In most productions, the sisters reappear in deepest mourning in exaggerated reaction to their lovers' departure. Such pat-terns of artificiality are avoided in Graham Vick's alert, imaginative production, in most respects well served by Russell Craig's designs. The serving-maid, Despina, is less of a minx than usual, which perhaps imposed a constraint on such a vivacious performer as Kate Flowers. But the effect is not to topple the comedy into an inappropriate gravity, as Peter Hall did at Glyndebourne. It is to humanise it, and to transcriptions of Schubert songs, banish any possible boredom which one has heard Bolet give from the long sequence of solo

I last saw Cosi fan tutte in a arias. A minor irritant is the act. black-clad, masked chorus, admirable Don Alfonso, though apparently strays from a rather too young in appeardifferent show

Lloyd-Jones. has sought no specialisation as as successive performances are a Mozart conductor, but here given in Leeds, Norwich, Nothe directed a performance of tingham and York, noble line and warm spirit. (I By then, let us query some of his added vocal jarring effect of shi ornamentation.)

quite ravishing performance of salon chair will no longer be "Per pieta" by Eiddwen casually stuck into a sandy Harrhy. whose Fiordiligi deci- beach. sively improved in the second

ance: Kate Flowers and Robin the Leggate (Ferrando) sang weil, artistic director of the company, but may be in still better form

Rodney Macann was an

By then, let us jarring effect of shadov ing on the back-cloth will have The best solo item was a been removed, and an obegon?

ARTHUR !ACG35

Elizabeth Hall

Bolet by Dominic GILL

made a fine contrasting postlude sombrely over the Song of the to Horowitz on Saturday-for to Lark. He came nearest in the Russian, the Cuban is both achieving his stride in his final; antithesis and sibling. Antithesis of Liszt's Mephisto Waitz no 1: in his deliberate calmness, his but though the nerves were taut. containment, his atmost studied the poetry was mute'l. No avoidance of the manic and matter: off-days are a risk of mercurial; but a brother from the game—and Bolet's admirers the same age of keyboard will be happy enough to hide sensibility, which understands their time. the piano as a "speaking" instrument of orchestral potential and nearly limitless expressive range.

As it happened, Bolet was not on his best form. In Schumann's C major Fantasie he was ing which attendence figures nowhere near it: a laboured and averaged 97 per cent of pedantic account, heavy in capacity, the Palace Theatre, spirit, fragmented in impetus. Watford, has announced institute. Even in a group of five Liszt before with magical poise, the munications suppliers.

In theory, Jorge Bolet's piano playing seemed weighed down recital on Monday should have with anxiety; dark clouds hung will be happy enough to bide

Sponsorship for Palace, Watford After a successful year our-

autumn season will be spensored by a local company, CASE, the data and office com-

Festival Hall

When lilacs last

by RONALD CRICHTON

Monday evening gave Hinde and baritone soloists.
mith's Requiem "for those we There any resembla love" one of its rare hearings in London, They deserve credit for doing so. Nothing needs more courage than the programming of a major work by a big. unfashionable 20th century composer. On this occasion not even the attraction of John Lill playing Beethoven's E flat concerto filled the hall.

Walt Whitman wrote "When lilacs last in the door-yard loom'd" after the killing of Lincoln. Hindemath set the poem in 1946 after the death of Roosevelt—the Requiem also marked the composer's assumption of American citizenship. The combination of Whitman and Hindemith is, to English ears expecting Delius or Vaughan Williams improbable. Hindemith uses mixed chorus, orchestra and (just as the two.

hugely competent composer he style. became in middle age. The emotional pull of the Requiem is restrained but not weak. The harmony is grave, sometimes acrid. The instrumental textures are muted, like the sandy finish of much Grman painting. The enormous ability does not disguise some commonplace, grey invention. Once or twice, in the big choral fuge for example, the wheels begin to turn with alarm-

Fortunately, the machine stops in time. Nothing in this score goes on for long. Many pages strike home. Of the poem's chief symbols lilacs. evenig star and hermit thrush. the last-named seems to appeal mst personally to Hindemith. British composers mentioned

The Royal Choral Society on above might have done) mezzo suggestions of Walton which There any resemblance ends. Hindemith remains the serious, of one influence on Walton's French prose, say those versions is considerably older than the

able to pay to such a large body.

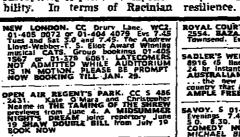
In the choral writing there are Mr Lin.

should be looked at the other way round, as belated evidence Meredith Davies had prepared a performance of a quality to make converts. Nothing pon-

derous, but a clarity and purposefulness enabling words and music to seem uncomfortably well-suited to these times, There was not quite enough attack in the fugue, but mostly the Royal Choral Society sang like a good small choir on its -a nice compliment to be

The contributions of the soloists, Margaret Cable and Ian Caddy, were entirely fitting. In the first half the Emperor came up fresh in a telling reading with taux orchestral playing and a strong broadly-phrased account of the solo part from

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ACROSS

máy líve (6) making

I Projecting a weapon from the east (8) 2 Be dissimilar and wrangle

18 What the secretary may use to change notes attached to diagram (10)

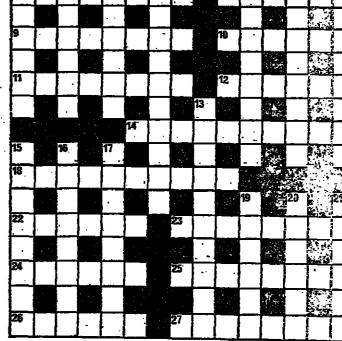
without one letter (6)

24 Lively putty I mixed (6) 25 Musician or entertainer 7 Game to jump with a swell- 21 Just one runner? No. logs giving a dark look? (8)

plant (6) 27 A very thin outline (8) DOWN

1 More insane root of red 15 Mixed however placed in

Salicin's tincture (8)



ing in the throat (4-4)

body of divine rulers (8) 13 Fail to include a good

fellow and make a blunder (4, 1, 5) order (8)

3 A river-head and river to 17 Pass, pass by degrees, and create alarm (6) - lose heart (8)

19 Dainty walrus left (6)

turned up! (6) Solution to Puzzle No. 4,889 UNO A HONGESS
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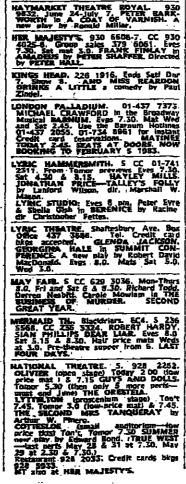
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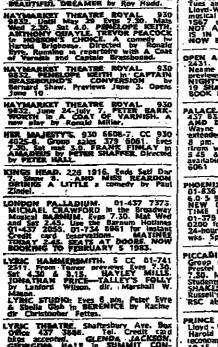
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9 Bone grinder n Norman moulding (8) 10 Salt or Ordinary Seaman with ship's officer (6)

14 Comedian Dick's material could be abrasive (5-5)

22 A wise utterance or a clue 23 Irrational sailors taking on worker (8)

26 Potter taking a parasitic 8 They must admit cunning

development (6) 2 No note on Holland's dram? 16 Late taking role in an act

4 Barrie's stomach (6, 4) 6 Natural propensity found in 26 Get around a cleric in an

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Wednesday May 26 1982

The future of the islands

SINCE THE breakdown of the surrender? It seems to us that negotiations conducted by the UN Secretary General at the to a battle whose course and outend of last week, the situation in come are highly dangerous and the Falklands has changed in unpredictable. We believe that several important respects. a negotiating option should First, the British have landed a remain available in the hope substantial force on the islands, the scale of the fighting has Argentina might be persuaded been intensified and both sides have suffered heavy losses in men and equipment. Second, no serious diplomatic attempt to end the fighting by negotiation there seems to have been a change in the British Government's objectives, both the short and the longer-term.

Intention

Mr John Nott, Defence Secre-tary, made it clear in the House of Commons on Monday that the military aim was to repossess the Falkland Islands and there could be no question of negotiations until that aim had been achieved. He warned that the fight would not be easy, but the intention was to free the islands from occupation by military means and to restore "full British administration."

In the middle of last week the British Government was seeking by a combination of military, diplomatic and economic pressure, to induce the Argentines to accept a negotiated settlement; to this end Britain was prepared to consider a mutual withdrawal of forces, a temporar: UN administration and negotiations about the longerterm status of the islands without prejudgment as to the out-

This offer, having failed to elicit an adequate response from Argentina, has now been with-The British Government no longer appears to be thinking in terms of offering Argentina a way out which could in some degree save the face of the Argentine leadership. In-deed, ministers are indicating that to all intents and purposes the Argentines have disquali-fied themselves for the foreseeable future from any role in the Falkland Islands. The Government has not wholly discounted suggestions that it may be prepared to consider a virtually open-ended British commitment to the support and protection of the islands.

Questions

If this is an accurate descrip-

a settlement remains preferable that, even at this late stage, to prefer a diplomatic to a military outcome.

O YOU have come from

beat Europeans in the India

car market, the head of a

Japanese trading house in New

Delhi said, laughing in that manner which means a serious

point has been made, and no

His remark underlines the

surprise in Europe's car indus-

try when Suzuki last month

won the contract to make cars

and small vans in India, beat-

ing French, German and British

manufacturers in an area that

they have dominated for years.

India for a decade, knowing

that eventually the country would have to modernise its

main car models which are now

25-30 years old. Several other

European companies have been

involved as well for several

years, seeking the lump sum

payments and continuing sub-

stantial flows of cash which the

The deal-which is due to be

finalised next month—is specially significant at a time

when India is opening up for

collaborative contracts with outsiders, slowly reversing its policy of near-total self-

France has won a major £90m

telecommunications contract, beating the UK which has just

lost control of a £1.5bn steel-

works order, while holding on to £230m of power station busi-

ness. International competition

is therefore hotting up for Indian orders and Suzuki's

success comes at a time when various other Japanese com-

panies-Toyota, Nissan, Mitsu-

bishi and Daihatsu— are mov-ing into the Indian commercial vehicle market.

The Japanese and Indians are

however not usually regarded as

natural industrial partners. India's labour disruption, power

shortages and other infrastruc-

ture problems can seriously up-set the calm and methodical pro-

industry here, though we do a

lot of trade," Japanese business-men told me in Bombay and Delhi. "The bureaucracy and

foreign ownership laws mean

Japanese people are not anxious

The proposed Suzuki car deal

is not only Japan's biggest coup

so far. It is also thought to be

the biggest new foreign invest-

ment from any country since India introduced investment

Udyog company, which has an unused motor factory just out-

800 cc front wheel drive SS80L,

the UK as the Alto, progres-

sively switching basic manufac-

1960s when the Indian Govern-

laws, nearly 10 years ago.

in

involved

to invest.

We do not like being

manufacturing

receives.

Renault has been lobbying in

help will willingly be given.

Europe to discover how

the Japanese manage to

That does not imply accep tance of an unconditional ceaseor restrictions on the ability of the British task force to strengthen and extend its bridgehead on the islands. Yet even if negotiations are not resumed and fighting continues to the point where Britain establishes clear military dominance, it will still be necessary for the Government to state its own terms for a ceasefire, including the conditions under which the withdrawal of Argentine forces could be

The second question concerns the longer-term. During the seven weeks of the crisis there has not been complete clarity about the British aims. Mr Nott said in the House of Commons on Monday that any question of talks about the long-term future the Falklands Islanders "must be left aside for the moment." Mr Francis Pym, the Foreign Secretary, suggested on period of six-12 months after re-possession might be necessary before major decisions about the future.

Mr Nott went on to acknow-ledge that "eventually some long-term accommodation will be needed between the Falkland Islands and other countries in that area." The important point is that the future of the islands should not be seen purely in terms of British sovereignty. There is just a danger that an excess of British nationalism may lead people to believe there can be a return to something like the status quo

Our own preference is for a settlement which recognises the economic and geographical economic and realities of the Falklands and removes a dangerous bone of contention between the UK and Argentina, and perhaps other parts of Latin America. The idea of UN trusteeship, as outlined by the Government last me the most tion of the current British posi- attractive option, both in that tion, two questions arise. First, it would take account of the why does the British landing interests of the islanders and

exclude the possibility of a could provide international negotiated settlement before guarantees for the status of the rather than after an Argentine islands.

The World Bank woos the banks

AFTER A DECADE in which the financing of developing countries became abruptly, and worringly, dependent upon hanks, it is encouraging to hear more than its subscribed capital Mr Tom Clausen, president of the World Bank, suggest that the World Bank and the commercial banks should hencework more closely As the former chief execu-

tive of Bank of America. Mr Clausen is well placed to act as a pridge between private and official flows of finance. And now that he has convinced himself of the efficacy of the World Bank's approach he is also well placed to persuade the besthelp-is-self-help school in the Reagan administration that soft loans to impoverished develop-ing countries need not be a waste of the tax-payer's money.

Overtures

Mr Clausen made his overtures to the commercial bankers at the International Monetary Conference in Vancouver. He proposed three forms of cooperation. He suggested that the International Finance Corporation, the World Bank arm . Problems which lends to the private sector in developing countries, should collaborate more with commercial banks. He also wants to embrace the poorest nationssub-Saharan Africa, for instance,

His second suggestion was that a multilateral insurance scheme growth of co-financing, whereby finance for World Bank projects. of new co-financing techniques the World Bank should itself await them with interest. participate in commercial bank

but he knows that his institution mega-agency sometimes tion does not have much finan suggested as part of a New

kets are losing their appetite for World Bank bonds. The World Bank's articles of association still restrict it to lending no plus reserves. A number of Western governments have retions to the IDA—the World Bank's soft loan arm. Given these constraints, co-financing with the commercial banks is an obvious way of putting more financial muscle behind the

World Bank's programmes.

But there is more than expediency behind Mr Clausen's appeal. It is becoming clear that some of the commercial bank lending to soverign states which took place during the last invested: it should have been more closely linked to projects or to economic programmes which would generate the promise of repayment. It is tive lending, based upon a better informed assessment of the borrowing economy, which makes the idea of World Bank co; financing attractive.

. Significant practical problems remain, and are the reason why World Bank co-financing has not it to widen its area of interest already taken off of its own Some major borrowing countries are averse to such cofinancing; they prefer to divide the World Bank might promote their creditors, the better to a multilateral insurance scheme rule time. It is also questionable to attract private sector funds, whether banks involved in a cotowards Third World countries. financing can have better status His third was that the World as creditors than banks which Bank should encourage the have extended normal syn dicated loans. The World Bank commercial banks help raise the is working on a "broad array Mr Clausen even suggested that and commercial bankers will

If the practical problems can be sorted out Mr Clausen's The World Bank President is appeal deserves support. It being more a pragmatist than a makes much more sense for the outgoing chairman of them rolling in the aisles at the visionary in making these sug- official and private providers of Amtrak, the Government- recent OECD meeting in Paris: gestions. He is satisfied that the international credit to re-inforce World Bank should counter the one another than for either the recession by acting as a catalyst World Bank or the IMF to World Bank or the IMF to

World Economic Order.

The people's car from Japan

HOW SUZUKI WON IN INDIA

By John Elliott, Industrial Editor



PRODUCTION of the Suzukl 800 cc car (centre) with pick-up and van derivatives at a planned rate of 100,000 to 150,000 vehicles a year by 1987-88 will radically transform India's aged motor

Total output of cars in India has remained stagnant at not more than 35,000 vehicles a year for the past

pened. The motor car was-and still is—regarded as a luxury of little relevence to India's 680m population and therefore of low priority for the country's scarce resources, especially foreign exchange.

The 1970s fuel crisis sharpened interest in developing more economic vehicles and some 10 years ago three companies were licensed to produce small all-Indian cars. One was Sunrise Auto Industries of Bangalore (which is now launching its first four-wheel car based on a British Reliant design) and another was Maruti Udyog, founded by Mr Sanjay Gandhi, son the Prime Minister who had been an pany on know-how or machinery, design, and Volkswagen the apprentice with Rolls-Royce in

sq metre factor; will now occupy. metre factory that Suzuki Sanjay was killed in June

1980 and his crippled company was nationalised three months which was launched last year in later. From then on, in most people's opinion, the future of ture from Japan to India. India's car industry was see the four continental Euro-The story of the deal goes inextricably bound up with Mrs pean candidates. It was visited back to the late 1950s and early Gandhi's wish to honour her during the trip by BL which late son, firstly by making good ment started thinking about use of his discredited Maruti having upset Indian sensitivities modernising its car industry, factory, and secondly by realis- earlier by saying in Delhi, when Despite proposals for a ing his dream for a small car. trying to sell the Ital, that the "people's car," nothing hap—But the Industry Ministry at Metro was too sophisticated for ing his dream for a small car. trying to sell the Ital, that the ing more cheaply (cutting But the Industry Ministry at Metro was too sophisticated for capital costs by perhaps 25-30

20 years and only two models British Triumph Herald having been stopped by the Indian-owned Standard company a couple of years ago.

Hindustan Motors of Cal-cutta makes a large Ambas-sador saloon, based on the Morris Oxford of the early 1950s. It is now to be revamped with the body of

this time was still pursuing India. (This remark which may ideas for larger cars with Renault and Volkswagen. Tenders were invited by the Industry Ministry for a five or six-seater car from foreign com- nearly two years later.) panies that would take a 40 per cent equity stake and buy back duction of 100,000 cars a year.

The Government did not feel received enthusiastic tenders because the companies that bid -including Renault, Peugeot and BL-refused the equity and buy-India with the successful com-In April 1981, the newly-

nationalised Maruti itself took None of the projects suctified insulation in the issue over. At this stage, with European styles and prices ceeded. Sanjay's Martini plans Renault's largish one-year-old and went to Japan in Novamber Maruti was in charge-although failed to promise a deal. its strategy remained unclear

to drop the buy-back conditions which they believed would be unenforceable, Maruti went to

the Vauxhall Victor VX series (top right) which went out of production in the UK in 1978. The body tooling and Vauxhali for about £3m Premier Motors of Bombay

makes a Fiat 1100 derivative, which is almost as old as the Ambassador and is being modernised with the body of the Spanish Seat 124 (centre

have had more to do with manufacturing methods than the finished product, was still reverberating round Maruti told the Europeans it

wanted a car under 1,000 cc to for export half the planned pro- fill its "people's car " concept, preferably with four doors to make it look larger than a minicar, and with low fuel consumption BL's Mini, which was on offer,

lost out by having only two back conditions. The companies doors (the company said it generally limited their equity could not even add a third). bids to 10 per cent, or the Renault switched from its R18 equivalent of money spend by to the slightly smaller R9. India with the successful com- Peugeot offered a new 1,000 cc But Maruti was still unhappy

collapsed spectacularly in R18 was the favourite car, beat to see manufacturers who a scandal and court actions after ing BL's Ital (the revamped few months earlier had been only about 30 cars were built. Marina) and a newer Peugeot showing scant interest. Renault leaving empty the vast 80.000 model. But the mood and pace may have realised its fate when of the talks changed once Mrs Gandhi visited Paris and

In Japan it appears that In September, having decided Maruti found what it was looking for in small, cheap, foursaloons, easily convertible into other vehicles

This tipped the scales in favour of a modern vehicle rather than the sort of older models which companies like Renault and BL had been offertop), similar to the obsolete Fiat 124. Premier is spending some £20m on the project to boost is production from 20,000 to 30,000 cars a year.

A newcomer is Sunrise Auto Industries of Bangalore, which this month launches a four-door fibre-glass saloon called the Dolphin (left) under licence from Reliant Meters of the UK

It is often argued that India does not need a modern car-(just as it can manage with technologies in other pride, political expendiency; and commercial sense came together. So by the end of November a Japanese winner seemed virtually inevitable. Renault tried to recoup some ground in the final days with an outline offer on its

small R5.

Volkswagen suggested its Polo, and BL even offered a fourdoor Metro for 1985, with the Mini in between. But BL by this time was one of the highest bidders, way above the Japanese, having failed to sell its rela-tively cheap Ital which was based on gradually switching a complete production line from Cowley to Delhi.

In commercial terms the companies. These covered: an to one competitor) on which ·low; continuing royalties amounting to 3 per cent or less of the factory cost of Indianmade items (which therefore rise as Indian manufacture increases); and the price paid for knocked down kits, on which the Japanese are also said to have been specially low. Suzuki (which had

expanded in Pakistan) won on a very low tender-more than 50 per cent below European competition—for a 10-year deal. It also won on the flexibility of its models based on one power train, as well as on its equity offer. It beat Mitsubishi and a partnership of Nissan and Subaru from Japan, in addition to the Europeans.

It has agreed to take at least 25 per cent, and not more than 40 per cent, of the project's equity. Mitsubishi was only prepared to commit itself to 10 per cent and Nissan would not be specific on any figure.

How hig an investment 25 per cent will involve depends on the total cost of the project—generally assumed to be not much less than Rs 2.5bn (£150m). It will also depend on how the total is split between equity grants-figures that are now being negotiated in Tokyo and Delhi for the final deal that is supposed to be signed by the end of next month.

invest not more than £15m £20m. It may also suggest that it should start with a smaller equity stake—say 10 per cent.
Starting with 70 per cent or
more of the vehicle being
imported in kit form from
Japan production is planned to build up from 20,000 units in the first year—1984—to 100,000-150,000 after five or six years. By that time, 90 per cent should be Indian-made, in line with

Government policies. Some 60 per cent of the standard production will be vans and pick-ups (with a four-wheel drive version probably follow-ing later), leaving 40 per cent for the four-seater, four-door

This mixture of products is likely to get over the problem of there possibly not being grant enough demand in India for all the cars at a selling price likely to approach £3,000 (Rs5,000). That price, which depends on the Government agreeing to a Silvin Maruti request for import duties on components, to be reduced from 120-160 per cent to 25 per cent:

Assuming Suzuki's negotia- 1555 tions with Maruti are successful assembly of cars is scheduled to start at the end of next year. # 12 This tight deadline regarded as feasible by other companies involved. Maruti, however, has only about 40 managers on its book so far. It will have to build up a management team quickly, maybe asking the Indian Government for permission to exceed public sector pay limits which are less choice was made on the basis of than half those paid in India's

Many Indians, used to larger initial lump sum (anything lursbering cars than the Suzuki, from £500,000 to £8m according now say the \$10 will be too rough roads. They complain the line to be they are only getting it because the animost of the Sanjay dream of a small people's car. which has become politically respectable as his memorial. What certainly seems clear is that it was the need to realise that dream that opened the door for the Japanese victory in a European-dominated iust industry.

Men & Matters

Lloyd's mugs

Llovd's underwriters. I do believe, are regaining a sense of humour amidst their troubleridden insurance market. Record losses from the ill-

advised computer leasing insurance-\$500m and still counting -in the late 1970s did not leave Britain's premier insurance market with much to laugh The unworldly men of about, Llovd's had failed to appreciate that technology advances and outside Lime Street is a wicked world. The result was that underwriters were flooded with. than 20,000 insurance

Murray Lawrence, a deputy chairman of Lloyd's, was one of he many who were caught and for the last few years has headed the working party that has been trying to sort out the

Underwriting members of the working party recently held a lunch in Lawrence's honour and presented him with three silver tankards in appreciation of his The tankards were inscribed: "To W.N.M.L. from the other computer mugs."

Bus driver

In the battle for the £65bn passenger jets market over the next 10 years. Airbus Industrie. the European consortium in which British Aerospace has a 20 per cent interest, is clearly not going to surrender North America meekly to Boeing.

The European Airbus, in a neatly-timed coup, has secured one of America's leading transport experts as its top salesman there. He is Alan S. Boyd. subsidised passenger rail service, and former chairman of the Civil Aeronautics Board.

intense between the Airbus

A300, the new and smaller A310

And Boyd, remembered in

London as a tough negotiator who led the U.S. team in the talks five years ago that secured the Bermuda Two air services pact, seems a good choice to represent the Europeans at the sharp end of the business. "He's a tremendously effect-

ive politician, a real pro," says Bracey Williams, a former U.S. under secretary of commerce. "He combines studiousness and a complete understanding of the transport system with a operates."

Boyd's political canniness and contacts come from 25 years experience in the capital where he arrived as a member of the CAB after working in the transport systems of his native Florida. In 1967, then Presilent Lyndon Johnson selected him to serve as the country's first Secretary of Transport.

For the past four years, the 59-year-old Democrat has been waging an uphill fight to save from the Unlisted Securities Amtrak from devastation at the hands of President Reagan's budget cutters.

One of his allies in the fight to keep Amtrak affoat has been Congressman James Florio, who says of the "extremely competent " Boyd's move : " It is our loss and your gain.'

Good at heart

The Organisation for Economic Co-operation and Development too, it seems, is a jollier body than the invariably gloomy reports it issues would suggest. Here are just a couple of the stories which, I am told, had President Brezhnev, recounted one speaker, was watching a military parade in Red Square.

men in grey suits and carrying

Competition for world airline As the last rockets and tanks orders is going to become rolled by, he noticed to his sur-

Who are these civilians?"

"Surely they he demanded. can't be adding to our destructive potential."
"Oh yes they can, Mr
President," an aide replied. They're supply side economists smuggled over from the United States. We're told there is no

limit to the damage they can Next on the stage, a central banker related the tale of a man who needed an urgent heart transplant. He was given three choices: the heart of an athlete,

of a young girl, or of a 78-year-old central banker. "Which did he take?---the last one of course. because it was bound to be absolutely unused."

Each-way bet The investment and banking

services concern Dunbar Group is laying claim to be the bank with the extra special clients. Dunbar now wants to move

Market to a full London Stock Exchange listing. Its reputation has been helped by the publicity given to its connections with 007. The James Bond star Sean Connery holds 7.9 per cent interest in Dumbar through Vanivest NV.

Now the hank also has a new and topical claim to fame. Another of its shareholders, sports agent Mark McCormack (who was responsible for introducing to the bank sporting Bjorn Borg and Virginia Wade) has arranged for a Papal visit account to be opened at Dunbar,

The Pope's visit to Britain is expected to raise big sums for the Catholic Church through McCormack's International Financial Management marketing business. The banking services for that exercise will The banking be provided by Midland and prise, a troop of dismal little Dunbar.

Dunbar was first quoted on

and Boeing's 757, 767 and 737- black briefcases tagging along the USM two years ago. Since behind. Fund Managers and the subsequent sale of shares by some long-term shareholders has

meant that the company is now no longer too closely held to be considered for a Stock Exchange listing-although the Dunbar and Tower directors still retain a controlling

With the Pope and 007 as clients Dumbar seems likely to offer stock market punters a chance to make an each-way bet on this uncertain world.

Notes taken

Egypt's economic minister Dr Fuad Hashem has decreed that no more E£100 notes are to be printed. The reason? As Egypt's largest denomination notes in circulation, they are also the most convenient for smuggling out of the country into Saudi

There a U.S. dollar can be bought for E£0.96 compared with the Cairo street rate of E£1.08. And as a result, there is a premium on the E£100 notes in Cairo where they sell for between E£102-103.

So much for the textbook principles of currency convertibility. But though Hashem's order may be had news for Egypt's unofficial exporters, it may boost British exports of the paper from which the banknotes are made. A lot more paper will now be needed to replace the century notes with the E£20 notes that are the next highest denomination.

Capped

Heard from an American in a Kensington hotel bar: "Myrna knows nothing about cricketshe thinks a fast bowler is some kind of hat the players wear.

Observer

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Now the real battle begins

By Roger Matthews, Middle East Editor

THE VICTORY of Iranian forces in Khorramshahr on Monday may signal the end of stage one of the Gulf war. It also marks the beginning of the real battle for political domi-nance in this vital oil-producing region of the world. The speed with which morale

appears to have collapsed within the Iraqi army bodes ill for the future of President Saddam Hussein. Khorramshalir was the only major town taken by Iraq during 20 months of fighting and it represented the only bargaining card for Baghdad in any peace negotiations with Tehran.

Ayatoliah Khomeini, Iran's religious leader, is now in a position to dictate his peace terms or, if they are not accepted, to increase the pressure on Iraq by occupying areas of its territory.

This prospect is causing near panic among the conservative Arab oil producers of the Guif. which fear, above all, the emergence of a powerful militant Moslem bloc in the region. Senior Arab displomats said yesterday that it would be difficult to overestimate the impact the Iranian victory was having on their governments.

Countries such as Saudi Arabia, Kuwait, United Arab Emirates, Bahrain and Qatar feel acutely vulnerable. They have pumped at least \$22bn into Iraq since the war started in an effort to blunt the militant edge of the Iranian revolution and have now discovered that cashtheir only significant weaponis not enough.

There is no prospect of a united Arab response to Persian " expansionism. Four hardline Arab states together with the Palestine Liberation Organisation reaffirmed their support for the "friendly Iranian revolution" on Monday night and said they would oppose any wider Arab involvement in the Gulf war.

Syria, Algeria, Libya, South Yemen and the PLO said after ministerial talks in Algiers that they regarded the war as over and urged closer links with Tehran. At the same time Col Gaddafy of Libya has intensified his attacks on the Saudi royal family. In a speech at the end of last week he even suggested that it might be necessary to launch a holy war Mediterranean.



in order to free the holy places at Mecca and Medina from their

These hardline states are also committed to oppose any attempts by more moderate regimes to bring Egypt back into the Arab fold Egypt recently increased its military sales to Iraq and was urged by President Saddam Hussein earlier this week to send troops to Baghdad.

Undoubtedly the Arab radicals believe that if Egypt remains isolated it will be far easier to exert pressure on Saudi Arabia and the other conservative Gulf regimes and to push the Arab League towards the adoption of more militant

Ayatollah Khomeini is certain to demand the removal of Iraq's President Saddam Saddam Hussein as part of any peace settlement and he would he supported in this by Syria in particular. The Syrians are locked in a bitter ideological dispute with Iraq and, while providing material support for Iran, they have tried to cripple Iraq economically by shutting its oil export pipeline to the

It may not prove casy to remove President Hussein and even more difficult to eject the leading elements of the Ba'ath Party which dominate Iraq politically. The Ba'ath Party fought long and bloodily to take control of the country and have ruthlessly maintained their grip on power.

Even though part of the Iraqi public may concede that the President blundered mightily by invading Iran in September 1980 and has cost the country dearly in both human and economic terms, there is no political machinery through which that frustration can be expressed. The traditional method of

removing the President would be through a coup within the party or through a military takeover. However, neither option would be likely to satisfy Tehran which ideally would like to see the emergence of a clerical regime dominated by their co-religionists from the Shia branch of Islam who form about 50 per cent of the Iraqi population.

It is this heady dream of Iran and Iraq forming a single

the clerics in Tehran and terrifies the states on the other side of the Gulf. Between them they would have a population close to 55m. possible oil production of over 8m harrels a day, effective control over the vital Strait of Hormuz through which about 40 per cent of the industrialised world's oil passes and a large battle-hardened

all other forces in the region. The temptation to export Iran's fundamentalist revolution more vigorously would probably prove irresistible. An attempt to overthrow the government in Bahrain at the end of last year is widely thought in the Arab world to have been inspired by Iran and members of other Guli governments privately admit they expect similar such attempts in their countries.

army which could overwhelm

Ayatollah Khomeini has said repeatedly that other govern-ments have nothing to fear from Iran, unless they are corrupt. His definition of a corrupt regime is likely to encompass most of those currently in power in the Middle East.

The other main Iranian conpolitical bloc which so inspires dition for peace with Iraq is a people and an ideal over a

A way forward

simple subtraction sum: the

revenues (the effects of Com-

munity policies) less the charges (roughly 1 per cent VAT plus Customs duties).

This means that whenever the

policy each member state works

out whether it will finish up

in or out of pocket, and this

frequently influences its atti-

tude far more than the merit

of the proposal to the Com-

munity as a whole. The result is that the pace of progress is

painfully slow, with Byzantine bargains abounding.

To reform this tortuous pro-

cess we must break the link

between the policy and its im-mediate cash bonus or cost

effect on individual states. The

European Parliament has sug-

gested a sort of Community tax

system such that the overall cost

of membership would be roughly

proportional to gross domestic

product per head. Such a system would not only solve Britain's

budget problem permanently, but would avoid similar prob-

lems for others in the future, greatly ease Community

decision taking. It would not be

acclaimed by states who benefit

most under the current system, but this is surely the "com-munautaire" direction in which

we should firmly steer the

Christopher Jackson.

Sevenouks. Kent.

Medlars, Oak Hill Road,

and it is in this area that the and better armed regime. The Sandis and their friends may motivation which prompts men literally seek to buy time for to ride bicycles into minefields President Saddam Hussein shouting "God is Great." and to President Saddam Hussein. Prince Saud al-Feisal, the Saudi Foreign Minister, flew to Syria on Monday for talks soon after purchased or easily halted. the fall of Khorramshahr was announced and it is probable that he discussed the likely

Iranian terms for a settlement. Arab diplomats said yester-day that it was conceivable that Saudi Arabia, Kuwait and the other oil producers in the Gulf would offer perhaps \$10-\$15bn to Iran in return for a peace treaty with Iraq. This, however, would fall well short of the \$50bn which members of the Iranian regime have mentioned in talks with organisations attempting to mediate in

There is also no guarantee that Iran would stick to its side of the bargain. "Having already given Saddam so much money over the past 18 months it hurts, but is no real problem, for us to provide more if that stops the war," an Arab diplo-mat commented. "But what guarantee do we have. How do we know with whom we are dealing? To be frank it is very difficult to know who is really in charge in Iran."

There are parallel suspicions that Khomeini has no interest in halting the forward march of his troops and revolutionary guards. The war has guards. The war has new wealth and persistent strengthened the grip of the grinding poverty have been regime and reduced overt exacerbated by the failure of internal dissent. The return of Arab leaderships to deliver victorious troops to Tehran and the subsequent concentration on people. domestic affairs is scarcely an It is appealing prospect for the Gov-

in Ecuador also suggests that its victories in the Gulf war have prompled an even less compromising attitude. Not only did Iran refuse to accept any Opec limits on production levels but its officials launched bitter personal attacks on other Ministers and most especially on Sheikh Ahmed Zaki Yamani of Saudi Arabia.

The implications of Itan's apparent victory in the Gulf war are likely however to prove far more profound than short term considerations over oil-supply and pricing. It is the victory of

the payment of war reparations more pragmatic, better prepared go joyfully to their death is not something which can either be

> Since the stirring days of Egypt's President Nasser in the late 1950s and 1960s when the potent force of Arab nationalism was born there has not been a single force which spread across the national boundaries of the Middle East and provided a single unifying force.

But in the past 12 months it has been Moslem fundamentalism which ended the life of President Anwar Sadat and came close to dealing a more severe blow to the established political order in Egypt. It has been the rallying point for the opposition to President Hafezal-Assad of Syma during recent bloody fighting. And its slogans have been increasingly heard during the Palestinian demonstrations against con-tinued Israeli occupation of the West Bank and Gaza.

The excesses of the Khomeini regime which have appalled so many people in the West have, within the Middle East, to be set against the excesses which characterise some of the secular regimes. The distor-tions caused to Arab society by the contrasts between sudden what they promised their own It is these frustrations which

the Iranian regime wishes to exploit in pursuit of its wider Iran's behaviour at last week's soal: the unity of the Persian meeting of the Organisation of and Arab nations through the Petroleum Exporting Countries coming together of the Shia and Sunni branches of Islam. Victory in the Gulf war has

for the Iranians demonstrated the power of the Shia sect. The replacement of President Saddam's non-secular regime in Baghdad by a government of clerics drawn from both Sunnis and Shias would provide the model for the rest of the

Attention may well be concentrated for some weeks on the military balance between Iraq and Iran, but Tehran's victory at Khorramshahr may well have set the stage for the wider battle yet to come.

Lombard

Dissent on the **Falklands**

By Samuel Brittan

only reinforced the message of the title.

In the earlier article I dealt with the argument that the present slaughter is necessary to fulfil obligations to the Falklanders. No group of 1,800 British subjects can demand that degree of sacrifice,

How then about the arguments of international principle, that "aggression must not be allowed to pay," that "countries" should not take the law into their own hands, and so on? If there were an international order based on these principles then there might be a case for Britain playing its part with other countries in an international police operation.

Unfortunately there is no such international order. The principle of not acquiring terri-tory by force was not even recognised before the 20th century. (Much of the British Empire was acquired by raids

similar to General Galtieri's.) Even in recent years the principle has applied in practice mainly in East-West relations in the European and Nato areas, where the risks and costs of nuclear escalation are so obviously high. Elsewhere it is struggling for a toehold.

Even if such an international order existed it would not be worth paying an unlimited price to uphold it. The scale of the human loss in relation to the interests at stake would always be relevant. The killing and maining of a genuine police keeping operation could only be justified as a lesser evil to avert more suffering in the future.

But to see the operation as primarily policing in defence of the UN charter is to concede too much. Such a view presupposes that the British action is an altruistic one for the sake of the world. If this is so, why are Britain's allies -let alone the rest of the UN -not merely keeping out of moderate economic sanctions

EVENTS SINCE my Lombard keeping action why did the article of May 6 entitled "Stop British government have to be the killing straightaway" have persuaded by a relatively junior diplomat to take the issue to the Security Council? Why the present reluctance to see the sovereignty issue decided by the UN General Assembly?

These queries about the nature of the operation severely weaken any exemplary effects success could have in promoting international order. If after the failure of the international community to act in Goa. Afghanistan or Vietnam-Cambodia the British retake the Falklands, will the lesson be that "aggression does not pay after all " or "even middle-sized counthat tries such as Britain and the Argentine have armed forces to bereckoned with."?

The impression given by the Foreign Office to the Argentine over many years that the Falklands were not a vital British interest - and the genuine astonishment in Buenos Aires at the London reaction-further weaken the case for warlike retaliation. If Mrs Thatcher had been in personal charge of the Foreign Office for the last ten years. General Galtieri would almost certainly not have dared to invade. But it is no consolation to widows and orphans to know that they are paying for the Foreign Office's mistakes.

There are those who say even if you are right does not the logic of events compel the British Government to finish the job?" There is no such thing as the "logic of events" which deprives human beings of their power to decide. Any ceasefire proposal would be more acceptable than further loss of life on a scale out of all proportion to the original cause.

No. I do not think that merely living to the age of 120 is the highest human goal. But whereas it may be admirable for an individual to stake his the fighting but having to be own life for higher goals—or so heavily persuaded into very merely for fun or sport or the merely for fun or sport or the joys of risk taking—it is far which deliberately refrain from from admirable for politicians applying the financial tour- and voters "now a'bed," to niquet to the Galtieri regime? indulge in these feelings at the If it really were a UN peace expense of younger people,

Letters to the Editor

The Falklands: time to look beyond animosity

From Mr R. Woodbine Parish Sir,—It is time to be looking beyond the animosity engendered by war, and to resume the traditional ties of friendship that have existed over the years between Britain and the Argentine. To this end, Her Majesty's Government should promote a programme of econo-

mic assistance and revival for the Argentine. This should enass the joint development of the Falkland Islands, which can have little hope of a viable future without Argentine co-operation. It would also be of great benefit to our own country to secure a stable trading

The Argentine is a land of lost people looking for leadership; if a radical programme of economic reform, such as recently put forward by Sr Alemann, and pursued with the first glimmer of success by our own government, were given the active encouragement of the West, the patriotic fervour of her people might be channelled into a resurgence of productive vigour, and remove the incentive to embark on vainglorious

Falkland Islands, not as a beleaguered garrison, but as a strategic centre for the dyna-

inflation

that time show.

development of the Southern Atlantic.

Thank goodness the sceptics have thus far been disproved on the military front: how much more efficacious for everyone if an economic success can be raised from the desolation of the Argentine economy. Robin Woodbine Parish. 41, Cheval Place, SW7.

From Mr D. Harries.

Sir,-Despite the welter of information that the media have churned out recently regarding the Falklands, it would appear that some of your readers (which is surprising) are still ill-informed.

I refer in this instance to Mr P. F. Newman who (May 19) assumed that "the islanders' desire to remain British may be influenced by many years of British aid funds." What an

Some months ago on BBC TV (pre-Panorama) Lord Shackelton made the following point: These people are British, who want to go on being British, and whom, frankly, the British have been exploiting. I don't think even now the Government accepts that over the years the Chancellor of the Exchequer has been making twice as much out of the taxes paid on profits repatriated from the Faikland Islands as we have been giving in the way of aid."

Only in recent years has there been any aid and most of it was spent building the airport at Port Stanley, which at the time Falkland islanders said was built for the benefit of Argentine.

for Europe We Falkland islanders are in-From Mr C. Jackson, MEP Sir,—At present the "cost" or "profit" of Community memterested in the views currently being expressed, but please get the facts right. bership for each country is a

D. J. Harries. 10 Albert Road, Caversham, Reading, Berks.

From Mr P Tray

Sir,—What masterly illogic Mr Paul Burns (May 21) dis-plays. True — the Falkland Islands were lost by culpable negligence. But to suggest that the only objective in recapturing them is to acquire " the right to decide when and how we will give them back " begs the whole question of whether they should ever become part of Argentina.

Unlike your editorial on the same day, I congratulate the Prime Minister for withdrawing all previous offers that had been on the table. While Argentina had not shifted its stance on sovereignty one iota, all concessions had come from the UK side. If one party to negotia-tions knows that any and all offers from the other party will remain on the table indefinitely, that party has every incentive to procrastinate, which is exactly

No doubt Mr Burns, in his generation's "duty to survive" would label Manchuria 1931, Abyssinia 1935, re-occupation of the Rhineland 1936 and Czecho-slovakia 1938 as "trivia." slovakia 1938 as "trivia." naturally totally unconnected with a "real problem" such as World War II.

what Argentina has done.

Peter H. Tray. Richard, Archie and Co, Victoria House, Southampton Row, WC1

Security service

and

From Professor P. Campbell. Sir,-Mrs Thatcher's statement (reported May 21) that known homosexuals are no longer a security risk and should

be allowed into Britain's security service is warmly

welcomed by the Conservative

Group for Homosexual Equality. We would, however, challenge the case for continuing to bar homosexuals from foreign posts the security services. It is true that homosexual acts are still criminal offences in some states to which people in the diplomatic service could be posted, but that fact is no more an adequate reason for barring homosexuals from all security service abroad than the fact that women could hardly be sent to diplomatic posts in certain

(Projector) Peter Campbell,

countries is a reason for ex-

cluding them from all service

offices

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partner in a nation endowed with great natural resources,

> adventures of absurd propor-Let us not delude ourselves by deriding the junta, nor succumb to an era of hostility. Instead, let us offer the proven strength of our leadership to resuscitate and revive an area splendid for its resources, but pathetic for their squandering. Let us have a vision for the

conceptually simpler.
Current cost accounting is far Accounting for from perfect, but has certainly

found favour with some manage-From Professor H. Edey ments. Its use seems more con-Sir.—Sir Anthony Burney sistent with belief in the impor-(May 22) advocates cash flow tance of cash flow projections accounting as a better method and controls than the use of historical cost accounts. A comthan current cost accounting. The case for cash flow accountpany that plans and controls on ing in the sense of managethe basis of cash flows, but rement planning and control based ports costs and profits in historion short and longer-run cash cal cost terms, is like a ship projections, and the monitoring that navigates by radar and of these by comparison with reports its voyage to its owners actuals, seems overwhelming-This was recognised by the late Sir Ronald Edwards at the Lon-

(Professor) Harold Edey. don School of Economics as long The London School of ago as 1938; as his writings at Economics and Political In my view the intellectual Houghton Street, WC2

and practical justification of current cost accounting is based on Competitive a recognition of this, coupled with the belief that for a num- bids

though cash flow accounting is of British Architects and the

ber of reasons the abandonment From Mr P. Hart of accrual accounting for report-Sir, Mr E. H. Ring (May 11) ing to shareholders, creditors and others is precluded, even suggests that the Royal Institute

Royal Institution of Chartered Surveyors are wedded to the theory of competitive tendering and that this produces poor quality building

I cannot speak for the architects but I know that the quality of building stems very much more from quality of specification and quality of supervision of construction work than from the method of tendering. In any event chartered quantity surveyors have long recognised the need for careful consideraby a plot on a fifteenth century tion of all the circumstances before the method of contractor selection is chosen. Indeed the publication "Placing orders for major construction works" outlines the many options available and I am sure Mr Ring will be glad to know that these include such things as "negotiation," "cost reimbursement," " design and build " as well as the various forms of

competitive tendering.

G. D. Walford & Partners, 6 Trevaruon Court, 7.9 St James's Street, SW1. 37, Eastern Avenue, Reading The transfer of the same of the

Bread discount war hitting RHM

WITH PRE-TAX profits of At the trading level, profits Ranks Hovis McDougall, the showed a roduction from £39.23m food manufacturing, processing to £37.49m, before charging and marketing group, having rationalisation costs of £996,000 fallen back from £21.66m to (£765,000). depreciation of £21.04m for the six months to £11.35m (£10.94m) and interest March 6 1982, shareholders are of £8.29m (£8.08m). warned that profits for the full year will be well below the figure of £45.28m made in the previous 53 weeks.

Explaining this, Mr P. W. J. Reynolds, the chairman, says shoot is caught up in an unsupportable price and discount £107,000 (£6,000 debits), extra-supportable price and discount ordinary debits of £1.65m war which he says has done great harm to the profits of bakers and, to a varying but serious extent, to retailers. In this situation. British Bakeries is inevitably incurring substantial losses in maintaining its

The outcome of the situation bread market is not yet predictable. Mr Reynolds states. But in response to the position. urgent and far reaching plans have been put into operation to improve the long-term profita-bility of the bread baking

In other main sectors of its husiness, such as overseas, products, packaged cakes and milling, very satisfactory profits have been recorded and the group is investing in these areas for further growth.

Grocery and packaged cake operations benefited from further extensions of their product ranges, while profits from overseas interests were significantly higher than for the same neriod last year.

As a result of the actions being taken, the chairman is confident that the group has the hility to improve profits significinfly in the medium and lenger terms.

The interim dividend is being to improve further its efficiency maintained at 1.524p not per 25p share—the previous year's pay-

Pre-tax figures included higher investment income of £1.61m (£16,000) and associates' contributions of £2.58m (£2.19m). Profits attributable to ordinary holders dropped from £14.25m to the group's British Bakeries off- £13.66m, after tax of £5.7m (£6.5m), minority credits of ordinary debits of £1.65m (£755,000) and preference divi-

Stated earnings per 25p share for the period were unchanged

To increase profitability and reduce manufacturing costs at British Bakeries, which has a very large share of the UK bread market, seven bread bakeries have been closed and their production concentrated into more efficient bakeries within the British Bakeries chain. At the same time, the company

has announced that its Glasgow bakery is to be replaced in the next 18 months at a cost of fill5m, partly funded by a special grant from the Scottish Economic Planning Office; site clearance is well advanced and building is scheduled to start in

July.

The flour milling business, Rank Hovis, has greatly benefiled from its continuing pro-gramme of concentration of production. This involved the recent closure of the flour mill at Belfast and further investment to modernise major flour mills

farm supply business, RHM Agriculture, is in the process of being restructured under a new management team and profitability.

The group's successful grocery

ments totalled 3.557p.

External sales for the half year moved up from £783m to £833m.

products business has been reorganised into two separate and smaller businesses to concen-

Date Corre- Total Total

0.3 3.7 —

of sponding for

2.25 18.18 2.5

1.65

After briefly reviewing the behaviour of the stock market which consolidated Monday's sharp gains the Lex column goes on to comment upon Grand Metropolitan's long-awaited rights issue which comes out on a one-for-seven basis, raising £125m to fund the group's recent large U.S. acquisitions. Ranks Hovis McDougall's latest offering is unchanged interim profits following on a sharp increase in the second half of last year. There has been good profits' growth overseas in the latest six months but those, and gains in UK groceries and flour milling, have been wiped out by losses on bread. Finally the column tries to unravel the first published set of figures from Cater Allen, the discount house formed last year as a result of a merger of Cater Ryder and Allen Harvey.

Parkland

up sharply

to £0.53m

TAXABLE profits at Parkland

Textile (Holdings) were sharply higher at £526,000 for the year

£202.000. Turnover rose from

£32.67m to £34.24m.

February 26 1982, against

The final dividend of this

close company, with interests in making yarns and clothing, is held at 2.1p, for a same-again

total of 3.7p net per share. Earn-ines per 25p share were given as

Tax took £121,000 (£144,000

credit) and minorities £6,000

(£16.000), for an attributable

profit of £399,000 (£330,000).

Extraordinary debits came to £66,000 (£163,000).

On a current cost basis there was a pre-tax los of £1.4m (£1.18m loss).

Silvermines

profits steady

The directors of Silvermines.

the Dublin based mining group,

expected first half operating profits to be broadly in line

with the same period last year,

but associated company contri-

butions would show a reduction,

Mr G. E. Russell, chairman, told

shareholders at the annual meet-

larly in view of the severe

would be maintained through

out the current year, with nego

tiations for an increase in the

royalty rate still proceeding.

They expected a significant increase in the royalty contribu-

The new venture into cold

and would move into

Windows

storage Irish Cold Stores, was estimated to break even this

experiencing a substantial increase in sales which were

now running at over Ir£1.5m a

Silvermines' interim figures

would reflect a reduction in Anglian's profitability but its

management were confident that the growth in profits would

be resumed in the second half.

from

The buoyancy in revenues

the Magcobar royalty

5.5p, compared with 4.6p.

Textile

trate more management skill and effort into their further development. Important progress is anticipated from both

In the U.S. the group acquired in April Wesetru Food Products, which has factories in Colorado and Kansas, and so extends its distribution area from the North-East States well into the West. A £5m investment programme is well advanced to enlarge the pasta factory at Buffalo.

The group's American companies are in three main and very important markets — apple juice and other apple products; pasta; and general products. Recent developments are part of its corporate plan for the U.S. of building carefully on established success in clearly-defined product markets. KHM's capital investment in the U.S. is now approaching £40m.

Regional responsibility for the group's profitable and expanding companies in the Far East and centrated in Sincapore to more closely monitor the development of its businesses in this region. Sales of its traditional products are being vigorously promoted.

Wolverhampton & Dudley ahead

AN INCREASE of 9.2 per cent from £4.41m to £4.82m in pre-tax profits is reported by The Wolverhampton and Dudley (£168,000), net profits increased This is proving Breweries for the half-year to from £2.6m to £3.14m. The he says to its March 31 1982. Mr E. J. Thomperature extraordinary items were profits is going well. son, the chairman, says the in-crease has been brought about tax. by tight control of costs in the company's ture programme continues to be uses. concentrated on its licensed managed public houses.

He says the continued high estate. The chairman says five unemployment in the West Mid- new houses are expected to be lands, combined with the severe weather of last winter, is reflected in sales volumes. Turn-over, however, increased by area. It has also entered into an 12.2 per cent from £34.04m to 38.19m. two of that company's public The interim dividend is raised houses in Leamington Spa.

to 1.Sp net (1.65p)—last year's total was 5.5p from pre-tax profits of £10.22m (£9.05m).

Wolverhampton and Dudley launched Lion bitter in February, a keg beer for those free trade

Cater Allen Hldgs

Leeds Groupint 1.5

P. Panto 0.3
Parkland Textile (Hldg) 2.1
Ranks Hovis McDgall int 1.52

W'hampion & Dudley int 1.8

DIVIDENDS ANNOUNCED

19.51

payment payment div.

July 1

July 9 July 16

Sept 9

from £1.99m to £2.17m, and after extraordinary credits of £488.000 he says, to its product range and

comment The company's capital expendi-

agreement with Ansells to lease Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. f On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Irish pence throughout. investment is switched

necessary to keep traditional draught beers in peak condition.

A pure regional brewer such as Wolverhampton and Dudley commands a scarcity premium; the 4 per cent yield is 2½ points below that for the brewing sector. Wolves' volume has undoubtedly fallen but by far less than the industry's decline of 8 per cent in the same period. It has kept the business it picked up at the time of the Ansells' strike last year and with a pricing policy aimed at keeping volume up, has -not increased its prices since last July. The company enjoys a 40 per cent market share in its economically depressed Black field. Country redoubt, but now has to look for expansion of its Birmingham. It also wants to year and wo build up the 20 per cent of its sales to the free trade. Five new public houses, costing an average £500,000, are planned to open before Christmas adding open before Christmas, adding to the company's 700 nublic houses, but the end of the company's 10 year expansion of production facilities will mean tailing off of tax relief as to improving public houses.

Cater Allen Holdings at £2.07m

DISCLOSED NET profits of Cater Allen Holdings, the group formed by the merger last November of Cater Ryder, the discount house, and Alien Harvey and Ross, were £2.07m for the

closed earnings from the old Cater Ryder concern for the 12 amounted to £1.2m.

Earnings for the merged group

old Allen Harvey company from the merger date.

incurred a trading loss. This loss, together with its interim dividend payment of £330,000, were netted off against accum-mulated, disclosed earnings of £1.03m to produce an additional accounts.

The consolidated profits of

Phoenix Assurance has very poor first quarter

Phoenix Assurance, like the other The domestic bouseholder, com- growth in life and pensione UK composite insurance groups, mercial property and commer business, with annual premiums experienced a very poor first cial motor accounts were affected rising by one-third from £5.2m

year ended April 30, 1982.

No comparative figures are given for 1981. However, disclosed earnings from the old year. The other companies which account is running an underdater Ryder concern for the 12 have reported, have turned in writing loss of just under firm months to end April, 1982 pre-tax losses for the period.

From its former balance sheet cent ignoring currency fluctua- per cent on May 1.

date of February 5, 1981 to the tions) from £13.3m to £16.1m. The underwriting loss in the date of the merger Allen Harvey Slightly higher life profits

U.S. was £2.9m against £1.5m, incurred a trading loss. This loss, enabled Phoenix to break even with the operating ratio worsen-

of £600,000 against a net profit of affected by the weather and E3m last year. The unusually severe winter

The consolidated profits of weather in the UK cost the com-Cater Allen Holdings were struck pany some £8m more than after providing for rebate, tax normal in adverse weather most other countries.

and a transfer to contingency reserves.

See Lex since the New Year, with the winter since December to costing the company over £3m. There was strong

quarter result largely from the by the severe weather, but the private motor account annears to

Underwriting losses more than doubled from 27.9m to £16.1m, are too small and too late to to end April included Cater with UK tosses rising from £1.7m affect the first-quarter results.

Ryder for the full year and the to £9.8m accounting for most of Phoenix lifted its rates by 3 perthis increase. Investment income cent on February 1, and its sub-rose by over 20 per cent (16 per sidiary Bradford Pennine by 71

> enabled Fadenix to break even with the operating ratio worsening from 107 per cent to 110.7
>
> Although the company had a per cent—in line with the 110.5
>
> nil tax charge, higher minority per cent for 1981 as a whole interests resulted in a net loss
>
> The results in Canada were underwriting losses in Europe rose against the corresponding period last year. But there were significant improvements in

ducer and distributor of commer-

cial and medical gases and welding equipment, is seeking to make a private placing of

800,000 shares with City institu-

ing at NKr 147.5 this would raise

about NKr 118m (£11m), which

the company aims to use for

further capital investment in

Unitor, the 54 per cent-owned

ship services company, and ex-

in London for several years.

With the shares currently trad-

tions this week.

pansion generally.

private placing

growth in life and pensions business, with annual premiums to £7m and single premiums by 30 per cent from £8.5m to £8.5m. comment The market was expecting poor

first quarter results from Phoenix in line with the dismal figures from the other U.S.-orientated composites and they got them. The impact of the severe weather last winter was even worse than expected and the company just managed to clear itself at the pre tax profit stage. But the ability only highlights the total inadequacy of general insurance premium rates on a worldwide basis, a feature admitted by Phoenix's chairman. Although the rest of the year is not likely to be overshadowed by dramatic weather conditions, the company is going to feel the effect of inadequate rates worldwide for some time and cannot expect to match last year's £30m pre-tax. The market, however, reacted favourably with the share price rising 10p to 238p, yielding 10

USM quote sought Norgas seeks £11m by brewer Ruddle

brewer, is seeking a quotation rather grim, thanks to a com-for its shares on the USM and bination of post-Christmas de-raising £1.2m by way of a stocking, dreadful weather, and at 140p per share. Ruddle's is customers adjusted to the impli-issuing 0.5m new shares to raise cations of datesterned while the remaining shares are being made available by existing shareholders. Approximately 18 per cent of the enlarged ordinary share capital is being

Ruddle's operates from a single site at Langham in Rutland where it has been brewing since 1858. Having disposed of 38 of its 39 public houses in 1978, it now sells its products to the take-home trade and the ontrade. Profits before tax have increased from \$64.000 for the months to March 1978 £833,000 for the year to March

He said he was confident the 1982. results for the year as a whole would be satisfactory, particute to the placing. L. Messel & Co. are brokers

comment

Having planned to make its USM debut back in February, Ruddie's was given rather a nasty joit by its trading figures for January, and decided to pull the issue.

the Rutland Although February was also NORGAS, Norway's leading pronormal pattern, and profits for the full year finished 16 per cent ahead. Volume was static in 1981-82, actually a fairly good performance given the industry decline; if profits are to keep moving, however, Ruddle's will have to generate extra volume. A new range of half-litre bottles, recently launched telephone ordering system, and an enlarged sales force show that this priority is well understood. Ruddle's disposal of its tied estate made the company was overgeared and the pubs were producing minimal returns. If its lack of a guaranteed outlet does, nevertheless. leave the company more exposed to the caprices of the off-trade than some comparably priced regional brewers-at 140p the indicated yield is a mere 3.4 per cent — Ruddle's recent record goes a long way to justify the premium rating at which the shares are finally being launched.

Full listing for Dunbar

company to progress from the from £553,557 to £854,883 for Unlisted Securities Market to a 1981 and paid an increased net full Stock Exchange listing. The first company to do this was Markheath Securities last month. Dunbar joined the USM in December 1980 by way of a placing of 100,000 shares, representing 10 per cent of equity. In June 1981 it acquired Tower fund Managers, the private investment management company headed by former Slater Walker man Mr Brian Banks. This deal, worth £1.28m, involved the issue of 200,000 new Dunbar shares giving Tower's share-holders 23 per cent of the enlarged capital.

1981 and paid an increased net dividend of 7.5p against 6.2p No new forecasts for the current year are being given but in his annual statement last January chairman Michael Allsop confidently predicted continued growth. At the end of 1981 deposits

and current accounts were 52 per cent higher at £18.5m and loans were up 37 per cent to £10m. The group manages invest-ments totalling £60m of which £50m is for 500 individual clients, including top sports stars introduced by sports agent and share holders Mark McCormack.

HAMMERSON

The £70.5m rights issue by Hammerson Property and Investment Trust has closed with acceptances for 99 per cent of Thus the group is able to the ordinary shares and 98 per make a somewhat unheralded cent of the "A" shares. The move to full listing Dealings are balance has been sold in the expected to begin on June 1.

government restrictions on the permitted foreign interest in the group. The celling has been lifted from 20 per cent to 30 per

accounting, does not reveal the enormous hidden assets. Last year the group entered

the pharmaceutical industry by merging with Nyegaard and Co AS. It also has a 10 per cent participation in NOCO, a limited partnership with interests in the Tor, Valhall and Hod field in the Norwegian sector of the North Sea.

YEARLINGS

The placing, bandled by Bank of America International, is seen in London as a prelude to The interest rate for this week's issue of local authority bonds is 13% per cent, unchanged from last week and the group seeking a London Stock Exchange listing. However, no firm plans have been announced by the company. compares with 13 per cent a year ago. The bonds are issued at par and are redeemable on June 1 1983. whose shares have been traded The placing, which will represent about 13 per cent of the enlarged capital of Norway's second largest industrial com-

A full list of issues will be published in tomorrow's edition.

government restrictions on the permitted foreign interest in the group. The ceiling has been lifted from 20 per cent to 30 per cent. The group's sales and profits have risen at annual average rtes of 23 per cent and 33 per cent respectively since 1977. For Dra 1981, Sales were NKr 1.63bn (£128m) and profits NKr 125.9m (£11.8m). As with other Norwegian companies, equity — NKr 198m	ly 25 neco Bibato neco Central neco Extanor neco Hispaño neco Ind. Cat. neco Santander neco Urquijo neco Vicaya neco Vicaya neco Zaregoza gados sancia Zinc 154 4. Preciados iriola siduero rrolebo	328 290 312 114 323 194 352 246 149 64.2 63.7 51.5 86 99	-12 -2 -1 -3 -3 -2 +0.5 +2 -0.8 -0.5 -1.2
before the placing — to kept at a	glisa	7.0	' +1
about 30 per cent of net assets. Tel	efonica		
	ion Bect		-0.2

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Phoenix

Assurance plc

Interim Statement

ESTIMATED RESULTS TO 31st MARCH 1982

The following are the estimated and unaudited results of the Phoenix group of companies for the three months ended 31st March 1982 with the comparative figures for the corresponding period in 1981 and actual results for the full

,	3 months to 31.3.82		Year 1981
	£m	£m	£m
Net premiums written : General (fire, accident			
marine and aviation)	117.8	102.7	432.2
Investment income Underwriting results:	16.1	13.3	61.3
General	16.8	—7,9	—35.4
Long-term	1.3	1.1	5.2
-	0.6	6.5	31.1
Less expenses not charge to other accounts	ed 0.5	0.5	1.0
Profit before taxation	0.1	6.0	30.1
Less: Taxation	_	2.5	10.9
Minority interests	0.7	0.5	2.6
Net profit	0.6	3.0	16.6

US dollar transactions are converted at the rate of \$1.78 for the 3 months to 31st March 1982 (\$2,24 for the 3 months 1981 and \$1.91 for the year 1981).

NEW LONG-TERM BUSINESS WORLD-WIDE

14-11			
	3 months		Year
	to 31.3.82	to 31.3.81	1981
	£m	£m	£m
Sums assured	870.8	589.6	2,964.0
Annuities per annum	4.6	4.2	33.0
Annual premiums	7.0	5.2	27.1
Single premiums	8.5	6.5	24.6

Chairman's Comments

At the annual general meeting of the company held today the Chairman, Mr Jocelyn Hambro, included in his remarks the following comments on the results for the three months ended 31st March 1982.

"In my statement with the 1981 accounts I referred to the inadequacy of premium levels to meet the ordinary run of everyday losses with little or no margin to cope with the abnormal event. This comment is borne out by the claims experience of Phoenix and other insurance companies for the first quarter.

"The unusually severe winter weather in the United Kingdom has cost us some £8 million more than we would normally expect. The total United Kingdom fire and accident underwriting loss was £9.9 million.

"The first quarter's operating ratio in the United States was 110.7 which, although higher than the corresponding quarterly figure of 107.0, is in line with the ratio of 110.5 for the full year 1981. The underwriting loss was £2.9 million.

"In Canada, also affected by the weather, and in Europe, underwriting losses are higher than at this time last year. On a more encouraging note there has been a significant improvement in the results from most other overseas countries.

very well indeed, with new sums assured again showing good increases over the satisfactory levels of 1981. "Investment income has increased by more than 21% (16% in original currencies) but the poor underwriting results, particularly from the United Kingdom and North America,

"Our life and pensions business has continued to develop

have inevitably left their mark on our profits which, before tax and minorities, are down to £100,000 compared with £6.0 million for the first three months of 1981.

"We have in the past emphasised that quarterly figures are not a reliable indication of results for the full year. This is especially so on this 25th May 1982



Dunbar Group, the banking and investment services concern, is seeking to become the second company to progress from the from figure 1972 to 1973 and profits NKr 125.9m (£11.8m).

Since then a number of longterm shareholders have sold shares, and, though the control of the group remains with the directors of Dunbar and Tower.

about 40 per cent of the com-pany has now become more freely available for trading. Thus the group is able to make a somewhat unheralded

Port of London **Authority**

Summary of Accounts

for the year ended 31st December 1981 ROFIT AND GROUPBALANCESHEET GROUP PROFIT AND LOSS ACCOUNT EMPLOYMENT OF CAPITAL 81.2 6.7 87.9 (10.5) 77.1 LOSS FROM CONTINUING FINANCEO RY NET COST OF 10 LOSS FOR THE YEAR (8.2) (19.5) 104.3 GROUP SOURCE AND APPLICATION OF FUNDS STATEMENT (31.0) 77.3 Q.1 NET INCREASE/(DECREASE) IN LIQUID FUNDS 7.0 V. G. PAIGE Charman | N. BLACK Chief Exercises | T. R. MACMASTER Director of Page

REPORT OF THE AUDITORS TO THE PORT OF LONDON AUTHORITY dilars appearated under Section 59 of the Port of London Act 1968, we have audit na section on pages 10 to 29 in accordance with approved Auditing Standards.

accounts for our on pages 10 Jec 29 in accordance with approved Auditing Stimlards. The reconstits have been prepared on the going concern bases, the validity of which is devendent on the continuing availability of the francial availance currently being provided under the provisions of the Ports (Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance) Act 1981, as amended by the Transport, Financial Avortance pages and the undertaking pending a return to probability. The Secretary of State for Transport indicated in the House of Commons on 24th November, 1981 that it was his currents in that crants for meeting deflects would not be available after the crid of 1982. The Authority understand that avoitance will continue to be under available after that that invariant his creat in vectorance payments, and for essential capital expenditure. It financial viability is not as heaved by the end of 1982, the going concern base on which the accounts have been prepared man, therefore, he no longer which the different heaves on beinger valid. The accounts give a frice and language of the going concern basis with no formation of the Authority and of the Group of 1810 December, 1981 and of the loss and engine and application of lunds of the Group of the year ended on that date and comply with the Statutory Harbour Undertakings (Form of Accounts at 1 (General) Regulations 1992.

Debate Harking & Sells, Chartered Accountants, Landon, 24th May, 1982. Debatte Hashim & Sells, Chartered Accountants, London, 34th May, 1982.

Published by the Part of London Authority under Section 8(3) of the Port of London Act 1968.

O. Fanadi, Secretary, 28th May, 1982. Copies et the Region and Account 1981 can be absorbed from the Secretary's Office, Port of Londo Austriany, London Dock Hause (South), I Transas Mare Street, London El 2AZ. Price 62:98.

In the year ended 51st December, 1981: ■ Pre-tax PROFITS of J N NICHOLS (VIMTO) P.L.C. increased from

£1,841,000 in the previous nine months to £2,566,000. SALES amounted to £12,080,000 against £14,841,000 in the previous nine months.

A final DIVIDEND of 512p per share is recommended, making a total of 10p per share for the year, compared with 7p per share for the previous nine months.

In his Statement with the Accounts, Mr Peter Nichols, the Chairman, says:

The increased profit on reduced sales is due in part to our careful watch on overheads, and also to a considerable increase in income from investments and interest on deposits. Some items, such as profit on foreign exchange and sizeable foreign sugar rebates will

The poor summer did not help our Chorley subsidiary, and was also somewhat detrimental to Solent Canners, where we are increasingly integrating their activities with the rest of the group, and their future looks very promising".

"Export sales fell away during the second balf of 1981, but have improved since the end of the year. Home trade sales from Wythenshawe continue to expand and show a considerable increase in the first three months of the current year".

Registered Office: Ledson Road, Manchester M23 9NL.

M. J. H. Nightingale & Co. Limited

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THE TRING HALL -- 123.8 (+0.9) USM INDEX Close of business 25/5/82

BASE DATE 19/11/80 100

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LADBROKE INDEX Close 578-583 (+6)

Stakis pushes ahead midway

PROFIT BEFORE tax at Stakis moved up to £1.8m for the 27 weeks to April 4 1982, compared with £1.64m for the corresponding 26 weeks a year earlier. Turnover was higher at £43.36m, against £36.78m.

Companies and Markets

The profit was struck after deductions from the £2.75m (£2.35m) trading profit or £878,000 (£642,000) for interest and asset teasing and £75,000 (£68,000) for the employee share

The interim dividend is raised from 0.45p to 0.5p net per share. Last year's total of 1.6p was paid out of a pre-tax profit of £4.66m. Stated earnings per 10p share were up from 2.27p to 2.49p.

Tax took more at £432,000 (£393,000), and there was an exinary credit of £525,000

To facilitate comparison, figures for the half year to March 29 1981, have been adjusted to reflect a change in accounting posicy made in the accounts for the year to September 27 1981, regarding the capitalisation of interest on major projects.
The directors say the increased charge for interest and asset leasing is mainly

asset leasing is mainly attributable to provisions for possible losses in asset leasing which are subject to the ourcome of itigations procedures.
The group—formerly Reo
Statis Organisation—operates
botels, restaurants, casinos, offticences, wholesale butcheries
and discotheques, leases plant
and confirment and owns a golf and equipment, and owns a golf

A breakdown of the trading profit shows contributions of £886,000 (£783,000) from hotels and inns. £1.51m (£1.25m) from casinos and £361,000 (£314,000) from wholesale wines and spirits and off-licences.

comment

All three divisions chipped in to help Stakis achieve a 10 per cent rise in pre-tax profits, but none more so than the casinos. With opening costs behind them, the new ex-Ladbrokes casinos must take most of the credit In the wake of that £4.4m acquision, gearing rose to about 65 per cent, and this has not changed significantly. The company wants some of the action in London but the Rembrandt application was turned down a couple of weeks ago; next month Stakis is having another bite at the cherry with an application to open at the Hotel Imperial. Profits from hotels were aided by an increase of about 10 per cent in occupancy rates, though the newly respensed Glasgow Grosvenor is unlikely to contribute net of costs this year. The wines and spirits division has benefited from the opening of new outlets, but post Budget stock profits are not going to be In the wake of that £4.4m acquistock profits are not going to be as significant as last year. The share price, which is thought to include some bid speculation, rose lp to 65p, yielding 4 per cent. Pre-tax profits of about £5.2m are on the cards, putting the shares on a rather demand ing multiple of 14.2.

Kelsey Industries shows increase to £585,000

pre-tax profits of £585,000 was has done better, say the direcshown by solder manufacturer tors, but the recession in America Kelsey Industries for the six has restricted sales there, which has affected the profit of the over was little changed at company was hoping for. £10.35m, against £10.65m.

The directors say present indi-cations are that the group's pretax profits for the full year will be similar to last year, which should enable the dividend to

Regrettably, they say, they see small sign of any worthwhile recovery in the immediate future. The interim dividend has been held at 2.5p net. In the last full year a total of Sp was paid from pre-tax profits of £1.4m on turnover of £22.13m.

the first half are given as rising

The UK manufacturing side

They add that the Australian company has been similarly

Kelsey Roofing Industries was hard hit by the severe winter weather, leaving a high work-inprogress figure which should produce a profit in the second half. Overall, however, margins will be down and turnover will not be sufficient for last year's profit to be equalled.

Tax took £230,000 (£157,000). Attributable profits after prefer Earnings per 25p share for ence payments of £77,000 to first half are given as rising (same) emerged higher at £278,000, against £150,000.

Leeds Group more than doubles midway surplus

More than doubled pre-tax An increased net interim profits were shown by Leeds dividend has been declared of Group, formerly Leeds & District 1.5p against 1p last time. In the months to March 31 1932, rising from £250,826 to £504,229. Turnover was virtually unchanged at

f4.11m, against £4.15m.
The trading outlook for the industry remains most un-certain, says Mr A. Mortimer, chairman of this company engaged in commission processing of textiles and sale of yarn. While volume has improved in several areas, he says that little

Further investment in the energy division is under con-

last full year a total of 3.5p paid from pre-tax profits £711,050 on turnover of £7.4m. Half year earnings per 25p share were given as rising from

4p to 6.4p. Profits have been much improved, says Mr Mortimer, by eliminating some unprofitable sales to the knitting industry, and by a substantial reduction in overheads. Part of the improvement is also due to increased interest received on

As announced at the AGM, Mr Mortimer says that a gas drilling programme is being undertaken in West Virginia and he hopes the first wells may be in trial production by the first wells may be in trial production by the first wells may be in trial production by the first wells may be in trial production by the first wells may be in trial production by the first wells may be in trial production. vionsiy.

Net profits emerged higher at £329,229 (£205,826).

Vosper still optimistic

A SATISFACTORY outcome to the year ending October 31 1982 is expected by Vesper, the quoted shipbuilding subsidiary of David Brown. This is in spite of the handicap of the limited assets available to the company denial of the temptioning denial of the continuing denial of due to the continuing denial of adequate compensation for those interests nationalised, says Sir John Rix, the chairman.

The group as a whole started the new financial year with a reasonable order book but there are gaps that need filling, he tells members in his annual state-ment. However, with the much more buoyant level of inquiries. the board remains optimistic.

The company is heavily exportorientated and the board believes the group is particularly well suited to take advantage of over-seas opportunities. Sir John June 17, at noon.

As reported May 21, the company achieved a sharp turnround from a £1.5m pre-tax loss to a profit of £1.96m for the year ended October 31 1981. Earnings per 25p share were 27p (21p loss) and the company is paying dividends for the year of 4p (nil).

and net assets employed in the group totalled £15.53m (£13.02m). Shareholders' funds rose from

Group fixed assets at the year end were £8.84m (£6.44m) and nationalised interests are given a net book value of £5.48m (£6.67m). Current assets amounted to £12.92m (£10.18m)

£11.21m 10 £13.74m. Meeting at the Dorcester Hotel, W. June 16 at noon. Meeting, Dorchester Hotel, W.

MINING NEWS

BY KENNETH MARSTON, MINING EDITOR

LOSSES continue to pile up at the beleagured mining industry in the Philippines which must now rely on the recently final-ised state aid scheme.

Marinduque Mining and Industrial, the major producer of nickel, copper and cement Marinduque has suffered an increased first quarter loss of US\$62.2m (£34.4m). This compares with a loss of \$16.4m a year ago and

follows a biggest-ever total deficit of 5105m for 1981. Mr Jesus Cabarus, the Marinduque president, said that the latest quarterly loss reflected increased interest and financing costs of some \$17.5m for the nickel project, low metal prices and a reduction in nickel shipments following the temporar closedown of the smelter for routine maintenance.

He confirmed that Marin duque is discussing with the Philippine Government a finance ing Dackage designed to alle viate the company's critical casi flow problems and enable it to meet its interest payments and

other obligations.

The deal would also provide additional funds to complete southing that to complete certain capital expenditure projects designed to reduce operating costs. These include the conversion of the nickel refinery from oil to coal firing. The president said that although no assurance could be

given that such a financing package would be obtained, the Philippine - Government institu-tions involved bad indicated their intention to support the company and work with it to arrange such financing. Meanwhile, two smaller Philippine metal producers which have suspended operations have reported bigger losses for 1981. Baguing reports Leo Gonzaga from and the state of the

The following companies have notified dates of beard mestings to the Seack Exchange. Such meetings are towardly held for the purpose of considering dividends. Official indications are not avaisable as to whether dividends are interims or finale and the subdivisions stowed below ere besed mining on least year's timestable.

TODAY

-	FUTURE DATES	
y	Interim— Hickson and Watch Finals—	Јшље З
_	Billiam (J.)	May 28
1-	Bienop's Grosp	June 4
е	Brown (N.) Investments	June 7
-	Cocksedge	June 23
	Electric and General Invest	June 24
-	Energy Services & Electronics	June 1
h	London Investment Trust	July 21
0	M.K. Bectric	June 14
đ	Premior Consolidated Officials	June 8
4	Read international	June 7
	Rolle and Notan Computer	
е	Services	Jone 10
A		

CSR's anthracite mine on stream

THE CSR group's Yarrabee.semianthracitic coal mine in Queensland was officially opened yester-day. The initial production rate is relatively small at 300,000 tonnes of coal a year but the open-pit operation can be expanded if markets can be

Yarrabee's coal is the first Australian anthracitic coal to be sold on the export market and the operation could lead to the development of further deposits

in Queensland through its sub-sidiary Thiess Holdings, South Blackwater, Callide and now Yarrabee. In addition the group studies have been concluded.

general manager, said that the two big deposits would be developed when long term sales in nearby areas. It has a high contracts had been obtained combustion efficiency, a low "Intensive marketing efforts are percentage of pollutants, and is continuing," he added.

Jackson Brunei rights

Substantial advance seen

by Pritchard This year the first quarter's results of Pritchard Services Group are in line with objectives and a further substantial advance is anticipated in 1982, says Mr Peter Pritchard, the chiarman, in his annual review.

As reported May 7, pre-tax profits for the year to January 3 1982 jumped 73 per cent from 53.53m to a record £6.11m, while sales soared to £177.24m, against \$25.74m.

The group has interests in the group das interests in building maintenance, industrial and camp catering, security services and linen hire. The chairman says that its resilience during a period of severe worldwide recession has been due largely to the size and diversity of the group in a mamber of growth areas. growth areas.
At the year end, group share-holders' funds were up from \$20.55m to £38.95m.

Hardanger **Properties** on target

First half pre-tax profits of Hardanger Properties, which obtained a quotation on the USM last November, emerged at fir. 7.769 and with current trading proceeding "satisfactorily" Mr Derek Coombs, the chairman, is confident that the prospectus forecast of £900,000 for the full year will be achieved.

a net basis and at 3.35p fully diluted. The net interim dividend is 2.8p-a total of 9.8p has been

Turnover for the period totasted £1.45m. There was no tax charge and on the basis of the profit forecast a modest charge is anticipated for the second half.

Retained profits for the half year amounted to £134,369 after dividend payments of £43,400.

Rising losses at Marinduque

BOARD MEETINGS

Interime: Awon Rubber, John Carr (Doncasser), General Stockholders Inrestment Trust, Mortand, Tata and Lyte.
Finals: Ablied leich Banks, Bremer Frust, Capitel and Counties, Copydex, Dundanien, English and International Frust, Erstine House Investments, Jessey General Investment, Minster Assets, Mocka Investment Trust, H. Samusi, Witam Investment Trust, H.

FUTURE DATES	
Interim— Heckson and Watch	Јшља З
Bittem (J.)	May 28 June 4 June 7
Cocksedge	June 24 June 3
London Investment Trust	July 21 June 14
Premier Consolidated Oilfields Reed International	June 8
Services	June 10

and Western Minolco, both of which have cupper mining and milling facilities in the Bagulo district of Mountain Province about five hours' drive north of

Manila.

Baguio's net loss widened to 74.17m pesos (£4.9m) last year from 20.15m pesos in 1980, while Minoko lost 275.1m pesos egainst 45.7m pesos. Both companies blamed the deterioration in the financial performance on low metal prices and high operating

To try to avoid further losses Baguio closed its copper mine and mill early this year. Simi-They are Baguio Gold Mining and mill late last year.

lime and steel industries.

CSR operates three coal mines

has two large coal deposits in Queensland at Theodore and Hail Creek for which major feasibility Mr R. G. Jackson, the CSR

THE Dallas-based Jackson oil generating shales. Brunei's Exploration reports that its 75 continental shelf is similar to per cent-owned Brunei subsidiary, Jasra Jackson Private, has acquired petroleum rights to Louisiana and Nigeria.
approximately 40 per cent of the The Jackson concession approximately 40 per cent of the Continental shelf of the State 700,000 acres an dis located five

of Brunei. It is pointed out that Brunei lies in the Northwest Borneo Basin in the centre of a large deltaic complex which contains

reservoir quality sandstones and

other major oil-producing deltaic to 90 km offshore in water depths of 60 to 600 feet. It is

planned to carry out a detailed seismic programme later this year and to drill the first exploration well in 1984.

Stated earnings per 10p share for the six months to March 31, 1982 came through at 8.89p on

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Pre-tax profit £21 million for half-year

Resuits

Group profit before taxation for the half-year ended 6 March, 1982 amounted to £21,044,000 compared with £21,655,000 for the corresponding period of the previous year.

Profits from milling increased as did those of our grocery and packaged cake operations where both benefited from further extensions of their product ranges; in particular our overseas interests recorded good results with profits significantly higher than those of the corresponding period of last year.

British Bakeries is caught up in an insupportable price and discount war which has done great harm to the profits of bakers and, to a varying but serious extent, to retailers. In this situation British Bakeries is inevitably incurring substantial losses in maintaining its business. Interim Ordinary Dividend

The Board has decided to pay on 16 July, 1982 to Ordinary shareholders registered at the close of business on 17 June, 1982 an interim dividend for the year to 4 September, 1982 of 1.524 pence per Ordinary share (last year

1.524 pence pershare), involving a payment to shareholders of £4,213,000. This dividend, together with the related tax credit of 30/70ths thereof, represents 2.177 pence per share (last year 2.177 pence per share).

Outlook

The outcome of the situation in the bread market is not yet predictable and, in view of this, Group profits for the full year will be below those of last year. In response to this situation urgent and far reaching plans have been put into operation to improve the long term profitability of our bread baking business.

In other main sectors of our business such as overseas, grocery products, packaged cakes and milling we have recorded very satisfactory profits and we are investing in these areas for further profit growth.

I am confident that as a result we have the ability to improve our profits significantly in the medium and longer terms.

Half-year ended Half-year ended Year ended

P. W. J. Reynolds, Chairman King Edward House, Windsor, Berks.

Consolidated Profit Statement for the half-year ended 6 March 1982

	6 March 1982 2	28 February 1981 5	September 1981
	(Unaudited)	(Unaudited)	(53 weeks)
· · · · · · · · · · · · · · · · · · ·	£000	£000	0003
Turnover			
Total sales	969,000	912,000	1,833,000
Deduct: sales within group for further processing	136,000	129,000	260,000
	833,000	783,000	1,573,000
Profit on trading before rationalisation costs			
and depreciation	37,490	39,229	80,065
Rationalisation costs	996	765	2,572
	36,494	38,464	77,493
Depreciation	11,349	10,936	22,023
Deblacion	25,145	27,528	55,470
. ·		27,526 8,079	14,572
Interest	8,286		
	16,859	19,449	40,898
Investment income	1,605	16	. 25
Associated companies	2,580	2,190	4,352
Profit before taxation	21,044	21,655	45,275
Taxation	5,700	6,500	13,786
	15,344	15,155	31,489
Minority interests	107	(6)	(468)
	15,451	15,149	31,021
Extraordinary items after tax	(1,647)	(755)	1,184
	13,804	14,394	32,205
Preference dividends paid	142	142	283
Profit attributable to the Ordinary shareholders of		· 	
Ranks Hovis McDougall PLC	13,662	14,252	31,922
Earnings per Ordinary share of 25p	5·5p	5-5p	11 2p
(Based on 276-5 million Ordinary shares ranking for dividend and	-		_
shareholders before extraordinary items).	b.o.cernionmo	to to all Gigitia	'7

A record result French Kier

Highlights from the statement by the Chairman, Mr. J. C. S. Mott, F.Eng., F.I.C.E., F.I.Struct.E., for the year ended 31st December 1981

- * Group turnover up 10% to £237.0M (1980 £216.0M)
- * Group taxable profit up 31% to £11.3M (1980£8.6M)
- * Earnings per share up 20% to 16.1p * Dividend recommended for year up 31% at
- 4.25p (1980 3.25p) Shareholders funds up 19% to £44.9M (1980 £37.6M)
- * Four main operating sub groups all traded profitably
- * UK order books maintained
- * Overseas business expanded by marketing speciality skills in new territories
- * Significant re-rating of Company in investment market
- * Outcome for 1982 anticipated to be satisfactory

Annual General Meeting will be held on Friday, 18th June 1982 at

Connaught Rooms, Gt. Queen Street, London, WC2

works worldwide Copies of the Report and Accounts are available from

the Secretary, French Kier Holdings Public Limited Company, 50 Epping New Road, Buckhurst Hill, Essex 1G9 5TH

(End.)
Eng. JOAO GUIMARAES DE BARROS
Technolal Director Director President. (Sgd.) Eng. JOSE URALDO TELES.

TKM selling its trade financing side for £19m

BY DUNCAN CAMPBELL-SMITH

The Hongkong and Shanghai Banking Corporation (HSBC) has reached agreement in principle to acquire the international trade financing business of Tozer Kemsley and Millbourn (Holdings), the finance and investment

HSBC will at first take an SO which constitutes the largest trade confirming house in the world financing around £500m a year. The purchase consideration for this will be £19m. For the year ended December

31 1981 TKM International made a pre-tax profit of £2.7m. Over the next three years, the

Tozer Kemsley group will have the option to sell the remaining 20 per cent of the shares to HSBC for a price rising from £4.75m today up to £6.5m in three years' time. After the expiry of the put option, HSBC will itself minority stake for £6.5m. The preliminary sale agree-nent, which still awaits the

including the exact terms of the provide for the vendor to take 20 per cent of the business's

profits insofar as these exceed powerful asset base such as only £3m, £3.5m and £4m in 1982, 1983 a bank could really provide. and 1984 respectively.
Mr Peler Hutson, an executive

director of HSBC in London, said the business would complement activities. It would retain its £21m last December. Mr Thoropresent staff under Mr Peter good said yesterday that the deal per cent stake in the business. Reynolds and would operate with HSBC would further known as TKM International, from its present offices under improve Tozer Kemsley's liquithe name of TMK International, dity. . He added that it would be reporting directly to Hong Kong and there were no plans for it be involved with Antony Gibbs, the London merchant bank. At the same time, said Mr Hutson, many aspects of the deal had yet to be considered and were not necessarily going

> The complexity of the deal apparently reflects Tozer Kemsley's desire to retain an important stake in what both parties chairman, the sale was "a natural development," The conhad been moving into financing on a much

> to be finally decided "at this

Tozer Kemsley, which has had a busy year of consolidation and

The chairman added that the sale would also improve Tozer Noble made a 1981 pre-tax Kemsley's profits, since "dropping the interest costs of the trade financing division should more than compensate for the less traffs." The crown's new financial way 1981 and was 1981 pre-tax Noble made a 1981 pre-tax Nobl Kemsley's profits, since "drop-ping the interest costs of the lost profits." The group's pre-tax paid oo 1981 dividend. profits fell sharply in 1981 to £1.01m against £5.52m. Details of a "substantial improvement" in gearing will

be given by Tozer Kemsley in a Class 1 circular to its shareholders.

IDRIS HYDRAULIC On November 25, 1981 Permothat it purchased 439,444 ordinary shares (34.38 per cent) of Idris Hydraulic Tin. Permo delan now intends to offer M\$14

cash for each ordinary share of

Approach to Noble & Lund may signal bid

NOBLE AND LUND, the Gates-head engineer and machine tool maker, yesterday said it had received an approach from an unnamed party which might lead to a partial or full offer for

that trading has improved significantly in recent weeks and forecast that the company would resume dividend payments this There have been so many false dawns that the company is naturally hestitant to believe that the cycle has fully turned."

The shares closed Sip higher at 18p yesterday, putting a market value of £1,084,710 on the

Noble told shareholders it had

Mr Alan Noble, chairman and joint managing director, said the directors felt the 1981 annual report was perhaps too pessiblack, in the first half of 1982,

Global Resources' board seeks shareholder support

battles for boardroom control zerland who is now chairman of which threaten to become something of a feature of secondary exploration groups, the directors of Global Natural Resources are now summoning shareholders to their defence at the annual general meeting scheduled to take place in the Grand Hotel. St Helier, Jersey, on Septem-

Global's problems are twofold: its past (as its opponents have been quick to point out) springs lynchpin of Mr Bernie Cornfeld's failed IOS empire. Of more importance is the fact that Global holders are. The stock is held in-

form and although the equity been broken." is traded in London. Frankfurt is that half the 21m or so units are held in the U.S. and half in other countries. Bearer shares require a register. although this is as much a prob-lem for the slate of dissident lem for the slate of dissident from any attempt contemplated, directors as for the incumbents, as reported, by Mr Cornfeld to The dissident directors are

IN ONE of the bitter proxy former U.S. ambassador to Swit-Great American Banks, a banking holding company. Another dissident is Mr John W. Bertoglio, a director and major pany in Oklahoma. The dissidents are advised by a major Wall Street brokerage house, Bear Stevens, whose chief executive officer, Mr Greenburg, is also seeking a seat on the Global

> Stressing that Global has "not been well managed" and that "new ideas and vitality" must be brought to the board if Global shareholders are to "realise the ings," the Warner-Bertoglio faction states that "even now all

between Global executives and The dissidents, too, have taken

Mr Harry Fitzgibbons, were stressing yesterday that the links freezing, liquidating, the property asets in Global's 47 per cent controlled Canadian associate,

The cash realised by this liquidation amounts to than \$50m attributable to Global the group's years in oil and gas revenues reserves and shareholders The defenders' letter to shareholders points out that een broken." cents to 86 cents between 1977
The point where the current and 1981 and shareholders' board and their opponents are equity expanded from \$41.33m most sharply diverged is the to \$92.42m

Its Arctic interests are represented by a 17.2 per cent working stake in 1.78m net acres in gas and an estimated

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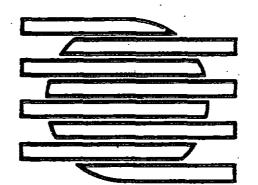
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Global Natural Resources

(Registered in England No. 989370)

-NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of Global Natural Resources PLC ("the Company") will be held at the Grand Hotel, St. Helier, Jersey, Channel Islands, on Monday, the 13th day of September, 1982, at 2.30 o'clock in the afternoon, Jersey, Channel Islands time, to transact the following business:

To consider a resolution (1) to receive and approve the Report of the Directors and the Financial Statements and the Auditors' Report thereon for the year ended 31st December,

To consider resolutions (2 and 3) to re-elect as Directors of the Company Messrs. Walter H. Saunders and Kenneth H. Parke, whose terms of office will expire by rotation and who offer themselves for re-slection.

To consider resolutions (4 and 5) to appoint Peat, Marwick, Mitchell & Co. Auditors of the Company and to authorise the Directors to fix the remuneration of the Auditors.

To consider as special business certain resolutions (6 through 20) requisitioned by the group referred to in the accompanying Proxy Information (the "Requisitionists") proposing the removal of the present Directors, their replacement by nominees of the Requisitionists, and payment in full by the Company of the expenses in giving effect to the requisition.

The full text of the above resolutions is set out in Schedule I to the accompanying Proxy Information (see opposite page) which forms part of this Notice.

Registered Office:

2 Norfolk Square, Brighton,

Sussex, BN1 2PB, England.

Dated: 24th May, 1982.

By Order of the Board, Anthony C. Boakes, Secretary.

IT IS IMPORTANT THAT YOUR SHARES BE VOTED AT THE MEETING.

Note: Holders of shares in the Company, whether registered or represented by Share Warrants to Bearer, may vote in person at the Annual General Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

If you desire assistance in voting your shares or have any questions in respect of any solicitation which you may receive, you are encouraged to contact the Company, its financial advisers or its information agent at any of the numbers listed below.

Global Natural Resources PLC

Toll Free Continental USA: 800-223-3604 Frankfurt: 611-282865 Zurich: 1-302-0891

47 Mapie Street, Suite 203, Summit, New Jersey, 07901, USA. Telephone: 201-273-4070

Natural Resources Corporation, One Denver Place, 999 Eighteenth Street, Curtis Podium, Suite 350, Denver, Colorado, 80202, USA. 2 Norfolk Square, Brighton, Sussex, BN1 2PB, England.

Hambros Bank Limited

41 Bishopsgate, London, EC2P 2AA, England. Telephone: 01-588-2851

Lehman Brothers Kuhn Loeb Incorporated

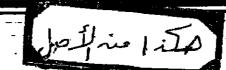
55 Water Street, New York, New York, 10041, USA. Telephone: 212-558-2940

D. F. King & Co., Inc.

400 Montgomery Street, San Francisco, California, 97104, USA. Telephone: 415-788-1119

60 Broad Street, New York, New York, 10004, USA. Telephone: 212-269-5550

One North La Salle Street, Chicago, Illinois, 60602, USA. Telephone: 312-236-5881



Global Natural Resources PLC

Eighth Annual General Meeting of the Shareholders to be held on the 13th September, 1982

Proxy Information

The Notice of the Annual General Meeting of shareholders of Global Natural Resources PLC ("the Company") to be held on 13th September, 1982, describes a number of resolutions upon which the shareholders are being asked to vote. This document provides information about the resolutions reproduced in full in Schedule I.

All holders of shares in the Company, whether registered or represented by Share Warrants to Bearer, may vote their shares by following the instructions set forth under "How to Vote". All but seven of the 21,146,957 shares of the Company outstanding on 12th May, 1982 are represented by Share Warrants to Bearer.

The matters to be considered by snareholders in deciding how to cast their votes at the Annual General Meeting are extremely important. Your Board of Directors believes that, given the serious issues presented by this attempt to gain control of your Company, it is essential that there be sufficient time for your Board to communicate with as many shareholders as possible and put them in full possession of the facts, for shareholders to review fully these facts before deciding how to cast their votes and for the shareholders then to have time to vote. Since almost all of the Company's shares are in bearer form, your Board cannot communicate directly with shareholders until they respond to advertisements and the voting procedure is more time-consuming than in the case of regstered shares. Your Board takes the view that effective communication to shareholders and exercise of their votes would not take place if the meeting were held before the holiday period begins in mid-July. Your Board has therefore decided to convene the meeting for Monday 13th September, the earliest

practicable date for the meeting after the holiday period has come to an end. The meeting is being convened now so that shareholders may be fully informed as soon as possible.

The Annual Report for the year 1981, which is available as explained under "Documents Available", includes a Report of the Directors, Financial Statements, a Report of the Auditors on the Financial Statements and supplemental information about the operations of the Company and its subsidiaries. The significant accounting policies followed by the Company are generally accepted for the oil and gas industry in the United Kingdom and the United States and are set forth in Note 2 to the Financial

The Board of Directors has approved the Directors' Report and the Financial Statements for the year ended 31st December, 1981 and recommends that shareholders vote FOR Resolution 1 to receive and approve the Directors' Report and the Financial Statements for 1981 as reported upon by the auditors and preinted to the Meeting.

Resolutions 2 and 3:

The Directors standing for re-election are Mr, Walter H. Saunders and Mr. Kenneth H. Parke, whose terms as directors will expire under the provisions of the Company's Articles of Association.

Mr. Saunders has served on the Board since his election in March, 1971 and serves on the Audit and Compensation Committees of the Board, He serves as Chairman of the Board of Liberian International American Corp. and President of its operating subsidiary, Liberian Iron & Steel Corp. Mr. Saunders is also a Director

of Atlantic Bank of New York, The Reserve Fund, Inc., and Stralem Fund, Inc., Mr Saunders, who is 76 years of age, has served as Vice President-Investments of Metropolitan Life Insurance Company, was a partner in Ladenburg, Thalmann & Co. and was President and Chairman of Transoceanic Marine, Inc., a company engaged in the international transportation of bulk cargo.

Mr. Perke is a solicitor of the Supreme Court of England and was for many years employed by the British Petroleum Company Limited in various capacities including 10 years as Group Secretary of that company. Mr. Parke, who is 68 years of age, has served on the Board since his election in March 1976.

The Soard of Directors recommends that shareholders vote FOR Resolutions 2 and 3 for the re-election of Mesers. Saunders and Parke.

Resolutions 4 and 5:

The firm of Peat, Marwick, Mitchell & Co., Chartered Accountants, has served as the Company's auditors each year since 1976. They have agreed to serve as auditors for the year 1982. A representative of Peat, Marwick, Mitchell & Co., will be present at the Annual General Meeting to respond to appropriate questions and . have the opportunity to make a statement if he so desires. Peat, Marwick, Mitchell & Co. will be acting as scrutineer for the Meeting.

The Board of Directors recommends that shareholders vote FOR Resolutions 4 and 5 for the appointment of Peat, Marwick, Mitchell & Co., and for the Directors to fix the Auditors

Resolutions 6 through 20:

A group of individuals and entities (the "Requisitionists") is proposing resolutions to remove all of the present Directors of the Company and replace them with persons nominated by the Requisitionists, as set forth under "Statement by Requisitionists".

In addition, the Requisitionists are asking shareholders to agree that the Company pay in full the expenses incurred in giving effect to their requisition.

The Board of Directors, advised by Hambros Bank Limited in the United Kingdom and Lehman Brothers Kuhn Loeb Incorporated in the United States, believes that the Requisitionists' proposals are not in the best interests of the Company and its shareholders and recommends that shareholders vote AGAINST Resolutions 6 through 20, for the reasons stated under "The Company's Response to the Requisitionists' Statement".

If the Chairman of the Meeting is named as proxy on the Form of Proxy and no vote is indicated on a Resolution, the Chairman has advised that he will vote the shares represented by the proxy FOR each of Resolutions 1 through 5 and AGAINST each of Resolutions 6 through 20, and in his discretion upon any other metter which may properly come before the meeting.

How to Vote

A holder of shares in the Company, whether registered or represented by Share Warrants to Bearer, may vote in person at the Annual General Meeting or may appoint another person, whether a member of the Company or not, as his proxy to attend and yote in his stead.

A holder of Share Warrants to Bearer who wishes to exercise the right to vote at the Annual General Meeting must, not later than 2.30 p.m., Jersey, Channel islands time (9.30 a.m. New York time) on 10th September, 1982, deposit his share warrants at the registered office of the Company at 2 Norfolk Square, Brighton, Sussex, BN1 2PB, England, or with a depository of his choice which must either be a bank or a stock brokerage firm which is a member of a recognised stock exchange, a member of the National Association of Securities Dealers (United States) or a member of a recognised securities dealers' organisation (outside the United States) other than the institutions identified in Instruction 1 to the Certificate of Deposit and Form of Proxy referred to below.

If a holder of Share Warrants to Bearer wishes to avail himsalf of the opportunity to deposit his share warrants at a depository of his choice other than the registered office of the Company he MUST use the Certificate of Deposit and Form of Proxy which will be supplied to him by the Company on request. NO OTHER EVI-DENCE OF THE DEPOSIT OF SHARE WARRANTS TO BEARER OTHERWISE THAN AT THE REGISTERED OFFICE OF THE COM-PANY WILL BE ACCEPTED.

To attend and vote in person at the Meeting, the holder must both deposit his Warrants, as described above and produce at the Meeting the Certificate of Deposit, duly signed and completed.

To vote by proxy at the Meeting, the holder must not only deposit his Warrants as described above but also deposit the Certificate of Deposit and Form of Proxy with both the Certificate of Deposit and Form of Proxy duly signed and completed, with the Company's Registrar at its office at 2 Norfolk Square, Brighton, lelands time, or at the office of Global Natural Resources Inc., 47 Maple Street, Summit, New Jersey, 07901 U.S.A. not later than 9.30 a.m., New York time, on 11th September, 1982. ANY CERTIF-ICATE OF DEPOSIT AND FORM OF PROXY NOT SO LODGED WILL

Certificates of Deposit and Forms of Proxy will only be valid for an adjournment of the Annual General Meeting if that adjournment is held on or before 16th September, 1982. This is because the Certificates of Deposit allow the Share Warrants to Bearer to be returned to the holders on or after 17th September, 1982. If the meeting is adjourned beyond 16th September, 1982, new Certificates of Deposit and Forms of Proxy for use at the adjourned meeting will be sent by post to any holder who has duly lodged or produced such document for use at the original meeting at his address as shown on the Certificate of Deposit and will be sent to any other holder on application to the Registrar at either of the addresses mentioned on the opposite page.

IMPORTANT'

It is likely that persons other than the Company will solicit your proxy. The Company wishes to remind you that before you appoint as your proxy any person or group other than the Chairman of the Meeting, you are entitled to be advised as to how the person to whom the proxy is given will vote the shares and to receive information as to their personal interests in the matters to be voted on.

Documents Available

The following documents may be obtained by holders of shares in the Company from the Company's Registrar, Global Shareholders Services Limited (the "Registrar"), either at its office at 2 Norfolk Square, Brighton, Sussex, BN1 2PB, England, or at the office of Global Natural Resources Inc., 47 Maple Street, Summit, New Jersey, 07901 U.S.A. or from the Company's financial advisors and information agent set forth on the opposite page:

(i) the Company's Annual Report for the year ended 31st December, 1981, including the Report of the Directors, Financial Statements and Report of the Auditor; and

(ii) a copy of this Notice and Proxy Information; and

itionists' resolutions are set out in full.

(iii) a Certificate of Deposit and Form of Proxy; and (iv) the Company's letter to shareholders in which the Director's reasons for recommending rejection of the Requis-

These documents, together with copies of Directors' Service Contracts, are available for inspection by holders of shares in the Company (whether registered or represented by Share Warrants to Bearer) during normal business hours on any day (other than a Saturday, Sunday or public holiday) at the offices of the Company and its Registrar and at the office of Messrs. Theodore Goddard & Co., 16 St Martin's-le-Grand, London, EC1A 4EJ, England until the conclusion of the Annual General Meeting.

Information about the Company's Board of Directors

In addition to Messrs Kenneth H. Parke and Walter H. Saunders, whose re-election as Directors is to be voted upon pursuant to Resolutions 2 and 3, the following persons, whose terms do not expire at the Annual General Meeting, serve as Directors of the

Frank G. Beatty, who is aged 61, has been a Director of the Company since August 1971 and its President since 1972. Mr. Beatty was a partner in Coopers and Lybrand, Certified Public Accountants, from 1961 to 1969 and, from August 1969 to March 1973, was Executive Vice-President and a Director of International Controls Corp.

Dr. Gerold Bezzenberger, who is aged 52, has served on the Board since his election in June 1976. He has also served as a member of the Audit Committee of the Board since its formation. in 1977. Dr. Bezzenberger practises law in West Berlin.

George E. Dunlap, who is aged 65, has been a Director of the Company since June 1976, Mr. Dunlap is President of Dunlap Petroleum Consultants Ltd. and has held a number of seniorpositions in the Canadian petroleum industry. --

Harry E. Fitzgibbons, who is aged 45, has been a Director of the Company since September 1979. He is a Director of Hambros Bank Limited, Boston Hambro Capital Corporation and Anglo-Nordic Shipping Limited, of which last company he is also Chairman and President.

Jacques W. Zoller, who is aged 62, is the President of Natural Resources Corporation, the Company's wholly-owned United States operating subsidiary ("NRC"). He is a registered Professional Engineer with a B.S. degree in Mining Engineering and Geology. Prior to joining NRC in 1971, he was employed by Shell Oil Company in a variety of professional engineering and executive positions, including those of Chief Petroleum Engineer of the Midland Exploration and Production Area, Rocky Mountain Division Production Manager and Rocky Mountain Division Manager—Environmental affairs.

Information as to Shareholdings

The Directors of the Company beneficially own the following number of shares and options to acquire shares of the Company at 10th May, 1982:

Name of Director	Shares	Options	Exercise Price*	Date of Grant
Frank G. Beatty	28,514	35,000 ·	\$11.38	10/12/80
Dr. Gerold Bezzenberger		20,000	17.81	16/6/81
George E. Duniap	, —	20,000	17.81	16/6/81
Harry E. Fitzgibbons	· 	20,000	17.81	16/6/81
Kenneth H. Parke	1,000	20,000	17.81	16/6/81
Walter H. Saunders	15,200	20,000	17.81	16/6/81
Jacques W. Zoffer	24,024	25,000	11.38	10/12/80

*Market value at the date of grant.

So far as is known to the Company, the only person (other than the Requisitionists, as a group) who held more than 5 per cent. of the Company's shares at 10th May, 1982 is Mr. John Orr, who holds 1,357,462 shares as Trustee. Mr. Orr has no beneficial interest in such shares.

Statement of Requisitionists

- -:

The following statement is included in accordance with Section 140 of the Companies Act of 1948. A summary of the response of your Board of Directors is set forth alongside under "The Company's Response to the Requisitionists' Statement".

"To the Shareholders of Global Natural Resources Limited.

Included in the notice convening the Annual General Meeting are resolutions for removing and replacing all the directors of the Company. This statement is issued by those who are proposing the resolutions, consisting primarily of Mr. Marvin Warner, Mr. Jack Bertoglio and Bear, Steams & Co., a New York investment brokerage firm.

Most of you will know the origins of the Company and how it emerged from the IOS debacle. Even now all contact with the past has not been broken. However, it is not so much the past which concerns us, as the present and future. Put shortly, we believe that the Company has not been well managed, and that new management bringing new ideas and vitality to the Company's business is essential if shareholders are to realise the full potential from their holdings.

At last year's Annual General Meeting, the present Board brushed aside the criticism by Bear Steams and others concerning the Company's performance and the introduction of a stock option scheme, saying that the critics had failed to take into account the Company's plans for maximising its assets and the market position of the shares. In the intervening year, the Board has made no proposals to shareholders for improving either the assets of the Company or the share price.

If elected the new directors will, as their first priority, review all ways of employing the Company's assets to the best advantage of the shareholders, with a view to formulating comprehensive proposals at an early date. The alternatives for consideration might include liquidation, the disposal of assets, a change in domicile, a merger, acquisition of another company, or, when the law permits, the purchase by the Company of its own shares. It would be premature to anticipate their conclusions before they have had an opportunity of conducting the necessary review, but you can be assured that they will pursue new policies for the benefit of both the Company and its shareholders with

We believe that the present Board has neither the vitality nor the commitment which is required for the task. Their aggregate shareholdings at 26th June, 1981 (excluding the Shares held in trust by Mr. Carter) were only 67,819 compared with more than one million shares now held by the proposed new directors and their associates. To the undoubted commitment of the proposed new directors can be added a wealth of experience in the oil and gas industry. in finance and in public service.

The proposed new directors are:

Mr. Warner, aged 62, who was formerly the United States Ambassador to Switzerland and is now the inc., a bank holding company.

Mr. Greenberg, aged 54, who is Chief Executive Officer of Bear, Stearns & Co.

Mr. Watson, aged 58, who has had many years of experience in the oil Industry having been a Director of Occidental Petroleum Corporation and President and Chief Executive Officer of Occidental International Corporation. He previously held office as Postmaster General of the United States.

Mr. Bertoglio, aged 47, who is a Director and major shareholder of Ennex Inc., an oil exploration and development company in Ókiahoma.

Mr. Bongard, aged 40, who is the President and a Director of Warner National Corporation.

Mr. Arky, aged 38, who is the President of the law firm of Arky, Freed, Steams, Watson & Greer, P.A.

Mr. Weary, aged 54, who is a partner in the law firm of Blackwell, Sanders, Matheny, Weary & Lombardi of Kansas City, Missouri.

We urge you to support the proposals which we believe are in the best interests of the Company and its shareholders. To do so you should IMMEDIATELY apply to Bear, Steams & Co. at either

New York New York 10041 attention: Mr. M. Tamopol

or 10-12 Copthall Avenue, London, EC2 attention: Mr. D. Nation

for a Certificate of Deposit and Form of Proxy.

If you have received a Certificate of Deposit and Form of Proxy from the Company you should have the Certificate of Deposit completed by the bank or brokerage firm which holds your shares and you should complete the Form of Proxy as follows:

- 1. Insert in the space provided in the form for your choice of proxy: "Mr. Bertoglio or Mr. Arky or Mr. Bongard*.
- 2. vote FOR each of the resolutions to remove the existing directors and FOR the resolutions appointing Messrs. Warner, Greenberg, Watson, Bertoglio, Bongard, Arky and Weary as directors in their place; and
- 3. vote AGAINST the resolutions to re-elect Messrs. Parke and Saunders.

Whether you obtain the Form of Proxy from the Company or from Bear Steams, return it after completion to Bear Steams at either of the above addresses so as to reach them not later than 6 days before the meeting. DO NOT RETURN IT TO THE COMPANY. Bear Steams will arrange for this to be done at the appropriate time."

PLEASE BE ADVISED THAT, TO THE EXTENT COMPLIANCE WITH THE ABOVE INSTRUCTIONS OF THE REQUISITION-ISTS DOES NOT MEET THE LEGAL REQUIREMENTS SET FORTH IN THE CERTIFICATE OF DEPOSIT OR FORM OF PROXY OR ABOVE UNDER "HOW TO VOTE", THE LEGAL Chairman of the Board of Great American Banks, REQUIREMENTS THERE SET FORTH WILL PREVAIL

The Company's Response to the Requisitionists' Statement

The Requisitionists have recently acquired shares of the Company in order to launch a proxy contest. The Company hasexperienced substantial growth over the last five years in oil and gas revenues, reserves and shareholders' equity, and is now in a strong financial position. Despite this, the Requisitionists ask you to remove the Company's entire Board of Directors and to replace it with their own nominees.

The Requisitionists' nominees are all United States individuals whose record in the oil and gas industry has been limited and without apparent success. In their statement, the Requisitionists have failed to provide a single new idea to improve the operations or business of your Company. They have merely produced an abstract list of possible ways a company can employ its assets. You Board questions the ability and experience of the Requisitionists' nominees to formulate a plan to utilise the Company's assets in ways which will benefit all shareholders. In addition, the 5. Requisitionists' nominees are so closely interconnected by personal and financial ties that we believe they would not be in a position to act independently and in the interests of all of the Company's shareholders.

Moreover, your Board questions the suitability of certain of the nominees to serve as directors of a public company, in light of their past business records. Your Board's concerns with respect to these matters are fully detailed in the Company's letter to shareholders, which you are urged to obtain from the Company, its financial advisers or information agent at the addresses given on the opposite page.

The Board of Directors and the Company's financial advisers. Hambros Bank Limited and Lehman Brothers Kuhn Loeb incorporated, unanimously recommend that you oppose this 10. attempt to take control of your Company.

The success of your Company over the last five years results from the sound business judgment and independence of the Company's Directors and their commitment to represent all of the shareholders. The Board and present management took the steps which enabled the Company to emerge from the IOS debacle with its energy assets intact and with its interests in non-energy assets converted into cash available for exploration and development. The Company's progress is reflected in the market price for its shares---which rose from \$1.48 in September, 1976 (when a majority of your present Directors were elected) to \$13} (closing bid) at 21st May, 1982.

The Board has been responsible for important acquisitions findluding the Company's highly successful investment in Indonesia) and for the preservation and enhancement of the Company's Canadian Arctic Islands oil and gas properties. The Company is engaged in an increasing programme of exploration and development. The Board and management continue to pursue the strategy of making acquisitions during periods when attractive opportunities are available. The Company is particularly well placed to take advantage of recent decreases in the price of oil and gas assets to augment its reserves on an advantageous basis and to strengthen its position in the industry.

Do not underestimate the importance of your vote, however small your holding. We urge you to act decisively in rejecting this attempt by a group of opportunists to take control of your Com- 20. pany, it is strongly recommended that you vote AGAINST the Requisitionists' resolutions and FOR the resolutions proposed by the Company.

This response is a summary of the Company's full letter to shareholders which can be obtained from the Company, its financial advisers or information agent at the addresses given on the opposite page.

YOUR VOTE IS EXTREMELY IMPORTANT.

See "How to Vote" above.

Schedule !

Resolutions to be Presented by the Company: To receive and approve the Directors' Report and Financial Statements and the Auditors' Report thereon for the year ended 31st December, 1981.

To re-elect Mr. Walter H. Saunders a Director.

To re-elect Mr. Kenneth H. Parke a Director.

To appoint Mesers. Peat, Marwick, Mitchell & Co. Auditors of the Company for 1982.

To authorise the Directors to fix the remuneration of the

Resolutions to be Presented by the Requisitionists: That Mr. Frank G. Beatty be and he hereby is removed from

office as a Director of the Company. That Mr. Marvin L. Warner be and he hereby is appointed a Director of the Company in place of the said Mr. Frank G.

That Dr. Gerold Bezzenberger be and he hereby is removed from office as a Director of the Company.

That Mr. Alan C. Greenberg be and he hereby is appointed a Director of the Company in place of the said Dr. Gerold

That Mr. George E. Dunlap be and he hereby is removed from office as a Director of the Company.

That Mr. W. Marvin Watson be and he hereby is appointed a Director of the Company in place of the said Mr. George

That Mr. Harry E. Fitzgibbons be and he hereby is removed from office as a Director of the Company.

That Mr. Jack W. Bertoglio be and he hereby is appointed a Director of the Gompany in place of the said Mr. Harry E. Fitzaibbons.

That Mr. Kenneth H. Parke be and he hereby is removed from office as a Director of the Company.

That Mr. Burton M. Bongard be and he hereby is appointed a Director of the Company in place of the said Mr. Kenneth H. Parke.

That Mr. Walter H. Saunders be and he hereby is removed from office as a Director of the Company.

That Mr. Stephen-W. Arky be and he hereby is appointed a Director of the Company in place of the said Mr. Walter H.

That Mr. Jacques W. Zoller be and he hereby is removed from office as a Director of the Company.

That Mr. Daniel C. Weary be and he hereby is appointed a Director of the Company in place of the said Mr. Jacques W. Zoller.

That the expenses incurred in giving effect to the requisition dated the 20th day of April, 1982 and made in accordance with Section 140 of the Companies Act 1948 be met in full by the Company.

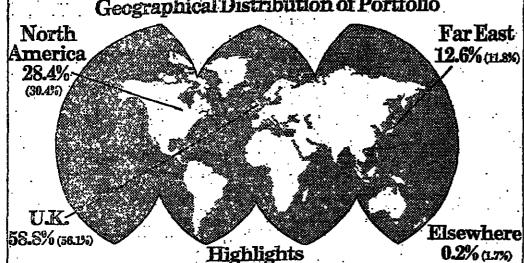
LONDON TRADED OPTIONS

Securities Tru of Scotland p.l.c.

A member of the Association of Investment Trust Companies Annual Report Year Ended 31st March 1982

Earnings per Ordinary share 5.12pDividends per Ordinary share 4.90p Net Asset Value per Ordinary share 146.4p

Geographical Distribution of Portfolio



- O Change in long term policy to place greater emphasis on increased revenue and dividends. OUK Government's attempts to encourage and stimulate industrial enterprise beginning to succeed. British Industry set for recovery with greatly improved international competitive
- Hopeful that gradual recovery in US economy commencing later this year will bring reasonable chance of period of sustainable growth in US benefiting that country and
- OMany sectors in Japan poised for cyclical recovery and Japanese exporters at the forefront of technological innovation should continue to prosper.

To obtain a copy of the Annual Report, return this coupon to the Managers and Secretaries. MARTIN CURRIE & CO, 29 Charlotte Square, Edinburgh EH24HA (Telephone 031-225 3811).

Name(block capitals please).

THE FRENCH ART OF FINE LIVING COMES TO BAGHDAD

Now, in addition to Abu Dhabi, Cairo, Damascus, Dhahran, Jeddah, Khartoum, Kuwait, Palmyra, Latakia and Sharjah, you can find the French art of fine living in Baghdad, the city of the "Arabian Nights".

The address of this unique "savoirvivre": Hotel Meridien, Street 47, Mahallat 102, Baghdad, Iraq.

Reservation and information: see your travel agent, your Air France ticket office or in Paris call 757.15.70, in London 493.06.09.



THE FRENCH STYLE OF FINE LIVING IN THE WORLD.

This advertisement is issued in compliance with the requirements of The Stock Exchange. Application has been made for grant of permission to deal in the Unitsted Securities Market on The Stock Exchange in the Ordinary Shares. It is



Share Capital

Authorised 20,000

580,000

600,000

Redeemable Preference Shares of £1 each

Ordinary Shares of 10p each

472,800 483,000

Issued and to be

issued fully paid

10,200

L. Messel & Co. have undertaken the placing of 857,191 Ordinary shares of 10p each of G. Ruddle & Company PLC at 140p per share. Shares have been offered to, and are available through, the market. These shares will rank for all dividends hereafter declared or paid on the Ordinary shares of the Company. Full information regarding G. Ruddie & Company PLC is contained in the Prospectus and particulars are available in the Extel Unlisted Securities Market Service. Copies of the Prospectus may be obtained from:-

L. MESSEL & CO., Winchester House, 100 Old Broad Street, London EC2P 2HX.

BIDS AND DEALS

Charterhall to buy 75% of General Oil

BY CHARLES BATCHELOR

resources investment holding dispose of the rest without con-company, has agreed to acquire sulting Charterhall.

75 per cent of General Oil, a UK

The Department of Energy has

£1.7m in shares.

Charterhall will issue 3.7m fully paid 5p, shares representing 9.6 per cent of its enlarged capital and worth £1.7m based on a price of 46p for each Charterhall share.

Charter Oil her a 9.5 per cent

General Oil has a 9.5 per cent working interest in licence P.356 covering block 22/5b in the UK sector of the North Sea, a block awarded in the seventh round. Drilling of the first well is due to start in June.

The book value of the assets of General Oil amount to £1.37m of which £750,000 is cash to meet drilling commitments on the first

General Oil has no plans to dispose of any of the shares. It has agreed to hold half for at

CHARTERHALL, the natural least 12 months and not to

The Department of Energy has been advised and confirmed that it has no objection to the arrangement. It is conditional on obtaining a listing on the stock exchange for the new shares. An application to the Stock Exchange will be made

BRITANNIA ARROW/ GEN. & COMMERCIAL

The offers by Britannia Arrow Holdings for the ordinary and preference shares of General and Commercial Investment Trust have become wholly uncondi-tional and will remain open for acceptance until further notice. The offer for the preference shares has been accepted by holders of 92.6 per cent,

Newey and Eyre expands

Newey and Eyre, one of Thomas Tilling's principal operat-ing subsidiaries, is expanding its UK electrical wholesaling activi-ties and developing further into the distribution of electrical appliances to the retail trade by acquisition of Pollard Ray and Sampson from J. H. Sankey and Son. Cash consideration, including repayment of inter-company, loans, is \$3.95m.

Pollard's sales of £41m for year to March 31 1982 comprised 24 per cent of Sankey's turnover.

CAWOODS/REDLAND

In accordance with the terms of the Redlands' equity offers for Cawoods Holdings, the number of Lasmo shares being offered as consideration has been adjusted as a result of the increase in the market price of Lasmo shares from 330p to 335p xd, being the middle market quotation on May 24. Accordingly, a holder of 200 existing Cawoods' ordinary shares will be entitled, as part

to approximately 26.88 Lasmo shares instead of 27 Lasmo

Shares representing aggregate of fractions of a Lasmo share will be sold in the market and net cash proceeds distributed pro rata to shareholders entitled thereto.

DOLPHIN CABLE

Spicer and Pegler partners Richard Turton and John Talbot have been appointed receivers of Dolphin Cable Company, based at Billingham. The company was set up with a share capital of £1.7m in September 1980 to recover out-of-service submarine telecommunications cables from

The company has purchased and equipped a ship, the MV Baltico operating out of Hartlepool which has so far recovered more than 700 miles of cable The company encountered difficulties in establishing the business which took considerably longer than anticipated.

Wormalds agrees offer

Hainsworth and Sons, a Leedsbased private manufacturer of fine yarn and cloth, yesterday announced an offer of 18p cash for each 250 share of the woollen textile group Wormalds, Walker and Atkinson. The offer values Wormalds at £566,100.

The board of Wormalds said it considered the offer to be fair and reasonable, and the directors recommended shareholders to accept. They intend to accept in

shareholdings, amounting to 237,400 shares or 7.5 per cent of

Neither Hainsworth nor any party acting in concert owns any shares in Wormalds. It intends that upon the offer becoming unconditional Wormalds will continue to operate from Dewsbury The shares, which were sus-pended at 91p on Monday, were restored to a listing yesterday.

Pru's new U.S. company

EUROPEAN OPTIONS EXCHANGE

company in the U.S. — Holborn International Portfolio Managers, based in New York.

The new company will manage segregated investment portfolios, nvesting in international equity, bond and cash assets, for pension funds in the U.S. It has been registered with the Securities Exchange Commission.

The Pru, one of the largest investment institutions in the UK, has been offering pension fund management in a variety discretionary investment of means. Its latest venture is to 25,000 ordinary 25p shar offer segregated investment Pearson Longman at 338p.

The Prudential Corporation, management for UK pension Britain's largest life assurance funds through Prudential Portcompany, has launched a new folio Managers.

The new company will be headed by Pru's investment manager Michael Newmarch. He said that American pension funds were anxious to achieve a better risk-reward ratio on their funds and were now building up their international investments.

ASSOCIATE DEAL

On May 24, S. G. Warburg and Co, as an essociate of Pearson Longman, sold on behalf of a discretionary investment client 25,000 ordinary 25p shares of

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Panto back in loss for second half

THE RETURN to profit by P. Panto and Co, at midyear was short-lived although the group still managed to sharply reduce its losses for 1981 as a whole.
At six months the company
returned pre-tax profits of
£12,000 (£104,000 loss) as a result of rationalisation, reduced interest charges and a large stock increase in March this year.

during the second half and for the 1981 year finished with taxable losses of £147,000 compared with a deficit of £289,000 in the previous year.
The directors are reco

ing the payment of a 0.3p net dividend for the year, the first payment since 1978.

payment since 1978.
Full year turnover of the group, a wholesale tobacconist, confectioner, grocer and sundriesman, edged ahead from £25.64m to £27.02m and trading profits came through at £326,000, against £291,000

The loss included property income of £19,000 (£20,000) and loan interest of £9,000 (£8,000) but was after directors' remuneration of £129,000 (£329,000), bank interest £219,000 (£329,000), same-again audit fees and expenses of £18,000 and depreciation of £137,000 (£138,000).

(£138,000).
There was a tax credit this time of £1,000 (£318,000) and extraordinary credits of £342

Sir Monty Finniston has agreed to stay on as adviser for a further year.

Steady second half leaves Lanca ahead

Holding firm at £91,000 in the second half, pre-tax profits of Lanca the handbag manufacturer and wholesaler advanced from £142,000 to £181,000 on turnover up from £1.87m to £2.32m for

At midway, when an increase to £89,884 (£50,847 after extraordinary expenditure of £8,988) was reported, the directors said second half turnover was expected to improve but margins were lower due to competitive pressure and a fall in the value of sterling. Also there was a sub-stantial claim pending against substandard merchandise ceived which, subject negotiations, might have material effect on second half

The year's profit was struck after the inclusion of interest of £44,000 (£40,000) and was subject to tax of £79,000 (£42,000). This left earnings per 20p share ahead from 9.12p to 9.29p and the net interim dividend is held at 2.4p.

Downturn by **Associated Engineering SA**

MISMANAGEMENT and lems in a division supplying garage and automotive equipgarage and automotive equip-ment are blamed by Associated Engineering, the 64.6 per cent-owned South African subsidiary of Associated Engineering, for a fall in first-half operating profit before tax and interest from R3.9m (£2.02m) to R2.3m

Management changes have been made to rectify the prob-lem. Half of the Silverton division, which makes industrial and automotive radiators, has been sold—the remaining 50 per cent is not consolidated in the accounts. As a result, first-half turnover to March 31 1982 declined to R41,4m (R53m). The directors say that after taking into account Silverton's deconsolidation turnover was in fact, up by 12,5 per cent.

North British Steel declines

Taxable profits of North British Steel Group (Holdings) for the 28 weeks to April 10 1982 fell to £37,000, compared with £302,000 for the corresponding period and £595,000 for the last full year. last full year.

Sales for the first half amounted to £7.58m (£7.83m) and

there was again no tax charge. Earnings per 25p share of this steel founder and engineer fell from 4p to 0.7p but the net interim dividend is held at 0.71p. Last year's total payment was

Authorised

1,550,000

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Carroll Industries makes I£500,000 improvement

12 -

HISTORICAL pre-tax profits of Carroll Industries, the Dublin-based cigarette and tobacco based cigarette and tobacco manufacturer, rose from If4.11m to 154.55m in the six months to March 31 1982. Group sales climbed from £82.29m to £103.53m, of which £98.43m against £79m came from domestic actions.

Current cost operating profits show a marginal increase of 2 per cent from £3.32m to £3.39m, and pre-tax profits under this accounting system rose from £2.52m to £2.93m.

The directors say that given

unfavourable economic climate, the results are regarded cimate, the results are regarded as "satisfactory." Accordingly, they have decided to pay an interim dividend up from 2.25p to 2.7p net at a cost of £1.3m (£1.05m). Last year's total payment was 6.25p from historical pre-tax profits of £8.99m.

They add that continuing high levels, of inflation, and a

strengthening U.S. dollar have the had a considerable impact on the fiscal budget had the effect costs. At the same time, the long of maintaining volume sales in delayed but downward adjust the domestic trade

comes is putting pressure volume sales levels.

432p

Fieldcrest Mills Inc. in March this year informed the minority shareholders in Fieldcrest Ireland that it was not prepared to proceed with the Carroll Industries' proposals for the capital and managerial re-structuring of the company. In the circum-stances, the board of Fieldcrest Ireland decided that the company was not in a position to continue trading and a Receiver was appointed. In consequence of the appointment of a Receiver on March 10, the company ceased to be an associate.

Group results for the half year no longer include any share of the results of Fieldcrest Ireland. The group's tobacco division,
J. Carroll and Company, add that continuing high increased its market share by of inflation, and a 1 per cent in the first half, but

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BASE LENDING RATES

Associates Cap. Corp. 13 % Banco de Bilbao	Heritage & Gen. Trust 13 % Hill Samuel
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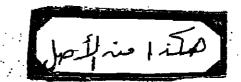
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The three-year turn-round of Capel-Cure Myers

By Terry Garrett.

ANDREW HUGH SMITH is One of Somerset Gibbs' initial ployees putting in the service about to celebrate a third annimoves was to formulate a plan-back-up. There is very little in ressary. Three years ago this ning committee under Andrew summer he moved up into the Hugh Smith to develop a sanior partner's office of stockfrokers Capel-Cure Myers. An First task was to unify private developed into an animal where eventful three years, for when clients and institutional dealing such treatment caused resenting inherited the desk he was and pool resources. It was ment down the line. facing one of the grimmest tasks of his career. His move was care to second major manager selling a stock and another them change in as many years and staff morale was about as it. low as it could get.

Under the leadership of the aggressively minded Somerset Gibbs, Capel-Cure Carden had abortive talks with Vickers da Costa in the summer of 1974 before finally climbing into bed with Myers. Almost imme-diately Norris Oakley, and a small regional outfit. Morell Johnston, slipped into the bridal chamber-stockbroking is not a monogamous institution.

Combined the firms had immediately to cut out duplication and some of the corporate elients moved on to other firms. Nevertheless the mergers moved

But the main hub of the An amalgam of several strategy was expansion—institu-hember firms, CCM was born in tional sales, private clients and 1974—a product of a protracted corporate services. Going all out bear market which fathered a for growth in every direction spate of stockbroking mergers does not come across as a does not come across as a and, unhappily, a fair number highly sophisticated plan. But at that time the private client was beginning to look as promising as the dodo. He was a spent force and everyone was out chasing after institutional money. Also the firm's traditional corporate role was to act as broker to small to medium sized companies. The new plan was to go for large clients, ICI one week and BP the next. Needless to say it didn't happen

Somerset Gibb's approach to 200m of funds under manage-ment, over 450 employees and 125 corporate clients. Needless before it joined Capel-Cure. But to say the staff was reduced stockbroking firms are not industrial

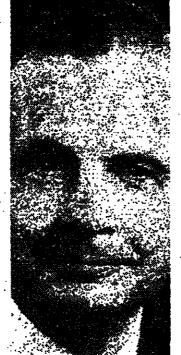
between. While a tight rein from the top may have worked in a smaller firm CCM had

The years that followed the 1974 mergers were dogged by internal tensions. In 1977 Sir David Hill-Wood, who had headed Myers and was deputy to Gibbs in the enlarged group, left to join Guinness Mahon. Within weeks Mr Gibbs too announced his departure after a run of 15 years.

The helm passed to David Grenier who was immediately welcomed by the mass walkout of the gifts department, off to pastures new at Fielding Newson-Smith. The departure was no small blow. Up till then gilt dealing had contributed about a fifth of the firm's brokerage income. Though very different in style Mr Grenier appeared to have a similar management philosophy to Mr

Less than two years later the hot potato was passed to Andrew Hugh Smith. looked formidable.

One of his first priorities was to rebuild confidence throughcompanies with a out the firm. There had been pyramid management structure, too much interference from the they are more like hour glasses top in the past and Mr Hugh -a top line of executives on Smith's idea was to go forward



Andrew Hugh Smith

were mapped out with each department in an attempt to recreate a cohesive unit. To a certain extent the original plan of 1974 was dusted

down and wheeled out. Mr Hugh the component parts into the which the success of the firm as a team rather than with a Smith, not surprisingly as the big-firm league. which the success of the firm as a team rather than with a Smith, not surprisingly as the big-firm league.

Within months Money Care was launched amid much ballyhoo to pull in more private client business. CCM had undertaken some rudimentary : market research to try to plumb the depths of the great un-advised. Confirming all sus-picions CCM found that there was a vast amount of capital sitting out there with people receiving no advice whatsoever. The problem was how to get at

For many people the image of the stockbroker was, at best, someone who dealt with the super rich punting on the Stock Market. At worst, he was a natty-spited individual, just a little bit fly, who spent half his time listening to other conversations in the City bars in search of a hot tip.

CCM's approach was to break down the image of someone too

big to bother about the small fry. A £100,000 national advertising campaign was launched at the public—an unprecedented move for a stockbroker and one greeted with much disdain in Throgmorton Street.

The message was that CCM could provide much more than a dealing service, and that no financial problem was too small to be considered. Investors with £7,500 could join a full portfolio management service, paign but perhaps its life is below that they could be pro- ending.

strategy was always basically vided with a unit trust selection sound, the firm had run aground on management style.

The firm's own selection of unit trusts is on offer.

> People were invited to write in or telephone. Other Stock Exchange members haughtily criticised Money Care as gimmickry and providing nothing more than any other leading broker should offer his client. Perhaps true on the first count and certainly true on the second. But Money Care was innovative in its approach. The telephone never stopped tinging and letters poured in by the sackful. The campaign paid for itself in six months and, perhaps more importantly for CCM.

the launch of Money Care re-built the firm's confidence. Eighteen months after the initial marketing ploy CCM repeated the formula with another £100,000 splashed out. The second round had almost as many eyebrows twitching as the first CCM were crying all the way to the bank.

Before Money Care CCM had 4,50 active private clients with around £300m of funds under management. It set itself a target of 3,000 more clients and of numbers. £150m of extra funds within five years. Those objectives have been reached in half the

But now there is a considerable rethink going on. Money Care has been a successful cam-

paign—and they are obviously one of the other 17 analysts. convinced of the merits of . The small business coverage

stockbroking firm." If that sounds like a U-turn it is. CCM wants to push the image of respectable City members backed up by the Stock Exchange's compensation fund offering total security. Security is what they think the public will be looking for now.

While Money Care has grabbed the attention since Mr High Smith took over, the other "strategic" objectives have not been pushed into the back-

The gilts department has been rebuilt but the research side still needs a lot of develop-ment. The firm's analytical work covers around half the Stock Market in terms of value but apart from its general economic commentary it is only in retailing that it has got itself up among the leaders. And that was achieved by sheer weight

The firm is hoping that its food manufacturing research too, will be up there soon while it is beavering away to spread its coverage into engineering. electricals and

with a small companies brief. can do it.

The failure of some financial Largely this means keeping advisors, such as Norton Wartrack of the stocks where CCM burg, has lead CCM to think acts as broker — ?? of them in that the next advertising cam- all - which are not covered by

advertising—should highlight is a spin off from CCM's Capel-Cure Myers a "leading activity in the corporate finance activity in the corporate finance field. Since the war the firm has had a reputation for bringing along small companies to the Stock Exchange. And apart from the brief non-event of the 1970s where the corporate boys had to try to pull in the big companies, it is a formula that the firm has stuck to.

CCM's most obvious success in the last three years has been the flood of private client business that Money Care has attracted. Half the firm's income now comes from fund management. But it is still early days and the ultimate success of Money Care can only be measured by how many private clients stay with the firm. And that will depend on CCM's investment performance.

There is still a way to go with institutional research and the corporate side can never be too busy. But at least the long faces of the late 1970s have disappeared. Whatever shape broking takes in the future, whether firms will stay independent or be part of larger financial empires. Mr Hugh Smith has one ambition - to mining finance. Smith has one ambition — to There are also two analysts be there. He now thinks CCM

A FINANCIAL TIMES SURVEY

BUILDING **METHODS AND** MANAGEMENT

June 30th 1982

The Financial Times proposes to publish a survey on Building Methods and Management in its edition of June 30th 1982. This survey will examine how major contractors have adopted a more aggressive approach to marketing, and how the suppliers to the industry have fared.

The survey will also include editorial coverage

- 1. How the client, according to his need, is able to select a contractor with a particular management package.
- 2. The role of the architect, consulting engineer and chartered surveyor.
- 3. Building systems: timber framed, steel framed, pre-cast, pre-assembled.
- The building materials sector.

Copy date: June 16th.

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The size, contents and publication dates of surveys in the Financial Times are subject to change at the discretion of the Editor.



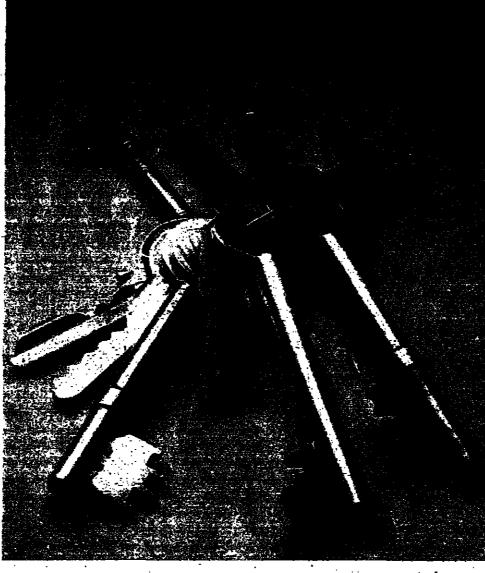
WE THE LIMBLESS, LOOK TO YOU FOR HELP We come from both world

urs. We come from Korea. Kenya, Malaya, Aden, Cyprus and from Ulster. Now, disabled, we must look to you for help. Please help by helping our Association: BLESMA looks after the Imbless from all the Services II helps to overcome the or an eye. And, for the everely handicapped, It provides Residential Home rhere they can ilve in peace.

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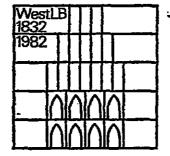


hundr

1832 was the year when the Bank for Regional Development was established in Westphalia to administer funds allocated for reconstruction at the Congress of Vienna. In 1854 a similar financial institution was founded in Cologne, which in 1877 moved to Düsseldorf, the main center of the region. Between these two institutions an active flow of , business developed and the close contacts with the local savings banks (local universal banks) was greatly intensified. 1969 saw the merger of the two main institutions in Düsseldorf and Münster to form Westdeutsche Landesbank - WestLB - which has become one of Germany's foremost financial institutions and a major force in international wholesale

1981 was a year of consolidation for the Bank against the background of world economic uncertainty. WestLB's overall capabilities were enhanced by the renewed commitment of its shareholders and the dedication of its staff, coupled with the inherent strength of the Bank itself. Business volume advanced to DM 150 billion.

Balance Sheet Total	DM 111 billior
WestLB Bonds	DM 51 billion
Deposits	DM 50 billion
Loans	DM 101 billion
Administered and Trustee Funds	DM 35 billion
Taxes	DM 55 million
Profit	DM 45 million



Westdeutsche Landesbank Girozentrale

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Managing director of Paterson Zochonis division, London in 1975 and was the board of Hawker Siddeley European. African and appointed engineer-in-chief for Electric; Mr G. Davidson to the Middle Eastern region of Mr Basil Spoudeas, managing irector of PATERSON

director of PATERSON ZOCHONIS since 1970, retires at the end of May. He will be succeeded by Mr George Loupos, who became a director in 1970. Mr Spoudeas joined Paterson Zochonis in 1937 in West Africa and transferred to head office in Manchester in 1946.

Mr R. A. Pedder has been appointed chief executive of HALFORDS GROUP, part of Burmah Oil from June 14. In 1973 he was appointed assistant managing director of Burton Menswear and in 1978 he became managing director of Dodge City, managing this company until its

Mr Michel Fox has been appointed to the new position of operations director of of operations director of ARTHUR SANDERSON AND SONS. Mr For has moved to Sanderson from Twyfords Bath-rooms—another company within Reed International's building and home improvements group— where be was engineering products director.

GENERAL ACCIDENT FIRE & LIFE ASSURANCE COR-PORATION has made the follow-ing appointments from June 1: Mr James P. Hahon, secretary, becomes an assistant general manager. Mr Leslie W. Mansfield, secretary (designate), becomes

THE INDEPENDENT BROAD CASTING AUTHORITY is appointing Mr Peter Rogers as to Mr Roy Downham who retires in October. Mr Rogers is deputy chief executive (administration) of the Housing Corporation, a post he has held since joining the corporation in 1979.

director of his family firm White-house Bros. (Fuels), has been named president for 1982/83 by the COAL MERCHANTS' by Hanson Trust at the end of December 1981. Hanson Trust is re-organising its divisional Mr Howard Whitehouse, Other appointments were: senior vice-president: Mr K. R. Chivers and junior vice-president: Mr L. S. Meore.

Mr John Hardy, chairman and managing director of Squirrel Horn, has been elected president of the COCOA. CHOCOLATE and CONFECTIONERY ALLIANCE. He succeeds Mr Robert Wadsworth who, having completed his three-year term of offices, be-comes vice-president.

Mr A. J. Curtis, chairman of JOSEPH CROSFIELD & SONS, will be retiring at the end of June. He will be succeeded by Dr A. Edelman, currently head of Unilever's central engineering division. On graduating from Delft University. Dr Edelman joined Unilever Research in the Netherlands and later became technical manager of the Philip- Signal Co. (Australia) Pty; Mr Mr Anthony W. Jukes has the board of ECI, having served pine Refining Company. He R. C. Ballantyne, Mr B. M. Bon- been appointed senior vice presi- as a non-executive director since moved to Unilever engineering field and Mr A. R. Creswick to dent in charge of the new 1977.

the concern in 1977. Joseph Crosfield & Sons is a Unilever company.

CABLE AND WIRELESS has appointed two executive direc-tors: Mr Douglas Buck who becomes director, personnel and corporate services, and Mr Brian Pemberton, who becomes director, Far East. Mr Buck was head of the personnel division and regional director responsible for the group's activities in Africa. Pemberton, managing director Cable and Wireless (Hong Rong) retains this position and will continue to be based in Hong Kong. His area of responsibility will include the People's Republic of China and the Pacific and he will represent Cable and Wireless on the board of its subsidiary company in Macau, Companhia de Telecom-unicacoes de Macau.

DATA RECORDING INSTRU-MENT, a wholly-owned sub-Channel Islands services. sidiary of the British Technology Group, has merged two principal operating companies, Data operating companies, Data Recording Equipment, and New-bury Laboratories. The new company has been named Newbury Data Recording, based in Staines. There are two new board appointments: Mr Rod Saar, previously director and general manager of Newbury, Laboratories, becomes marketing director, and Mr Tony Alcock
of DRE is appointed financial
director of Newbury, Data Recording. Mr Brian Shatwell,
previously DRE's development
manager is appointed technical director (designate). Mr John M. Armstrong, managing director of the DRI Group, becomes managing director also of the

structure. As part of this reorganisation, Marbourn becomes part of the Crabtree Group and Crabtree becomes a member of the Lindustries Division of Hanson Trust. In turn, Mr Jeremy Marshall, chief executive of Lindustries, is appointed chairman of CRABTREE ELECTRI-CAL INDUSTRIES. Crabtree and Marbourn will continue to trade as separate businesses, with Mr Brian Barham, managing director of Crabtree, now having the additional management the additional management responsibility for Marbourn. Mr A. R. Cotton, an associate director of Hanson Trust will also be joining the board of Crabtree.

The following board appointments have been made in HAWKER SIDDELEY companies:--Mr D. J. Allen to the board of Westinghouse Brake and

Marine; Mr G. W. Gersbach as finance director of R. A. Lister Australia Pty; Mr. R. E. Gibbons as managing director of Brush Fusegear, Mr D. Glyde as technical director of Westinghouse Signals, Westinghouse Brake and Signal Co; Mr H. R. Grant man-aging director, Westinghouse Brake and Signal Co (Australia). Pty, has been appointed to the board of Hawker Siddeley Switchgear Pty; Mr D. R. Spiers to the board of Hawker Siddeley Rail Projects; Mr D. A. Stack as managing director of Partridge Wilson and Co, and Mr D. G. Wilson to the board of Pasco

SEALINK UK, has appointed Mr Ray Collard, previously deputy trac manager, Irish and Isle of Wight services, as deputy 'traffic manager, Continental and

Indutries Inc.

Mr Gordon Gaddes, director, information services marketing and resources of the British and resources of the oriush Standards Institution, has been appointed director-general of BEAMA to succeed Mr Kenneth Edwards who recently became a deputy director-general at the CBL Mr Gaddes takes up his appointment on July 1.

Mr Bernard Lyons has decided to retire as chairman of UDS GROUP on December 31. The board has appointed Sir Rober Clark as deputy chairman with

CENTRAL GENERATING has appointed Mr TRICITY BOARD. Michael Pickering to the new post of director of information and public affairs at its London headquarters, from September. He is at present with British Airways as public relations coordinator (commercial) at Heathrow. Mr Peter Taylor, the director of information, will continue in his present post until Mr Pickering joins the board, when Mr Taylor will assist in setting up the department.

TI DESFORD TUBES, Kirby Muxloe, has appointed Mr John Bostock as production services director and Mr John Meredith as technical services director.

Mr Bob Brown, has been appointed director of marketing for WALES GAS. He came to Wales from East Midlands Gas five years ago.

ASSOCIATED CO-OPERA-TIVE CREAMERIES has appointed Mr Trever Hughes as general manager.

Mr Anthony W. Jukes has

board of Hawker Siddeley Switch- international division of MANUgear Pty; Mr T. D. Davies as FACTURERS HANOVER LEAS-director of Hawker Siddeley ING CORP. Mr Robert G. Chris has been appointed managing director of Manufacturers Hanover industrial Finance, UK subsidiary of Manufacturers Hanover Leasing Corp. He was finance director. Mr A. T. (Tim) Fisher has

been appointed to manage the newly-created London Branch Office of ABV TRADING of Stockholm. He was formerly the managing director of J. H. Little & Co members of the Inchespe Group.

STEWART NAIRN has appointed Mr .C. Glies Clarke as managing director.

ALCAN ALUMINIUM (UK) has appointed Mr R. Wagner to the board. He is chairman of the management board of Alcan Aluminiumwerke, Frankfurt.

Mrs Liliana Archibald and Mr S. M. Yassukovich have been appointed members of THE BRITISH EXPORT-FINANCE ADVISORY COUNCIL Mrs ADVISORY COUNCIL Mrs Archibald is international affairs adviser to Lloyd's. Mr Yassuko-vich is managing director of the European Banking Company. Sir John Barraciough and Mr A. F. Frodsham have elected vice-chairmen.

ALLISONS, a subsidiary of W. Williams and Sons (Holdings), of Pocklington, has made the following board changes. Mr W. W. Rhodes is appointed managing director, Mr A. N. R. Rudd, a director of Williams. will become chairman and Mr C. Phillips and Mr B. McGowan, who are joint managing directors of Williams, will also join the Allisons board. Mr Geoffrey Allison, until recently chairman of Allisons, will continue as an executive director.

Mr lan Stagg has been appointed technical director of VACUUM GENERATORS from

Mr M. F. Baird, who joined C. T. BOWRING (UNDER-WRITING AGENCIES) on April 1, has succeeded Mr R. H. Jones as underwriter for Syndicate No. 31.

Sir Nigel Foukes has joined the board of EQUITY CAPITAL FOR INDUSTRY as vice-chairman and will succeed Lord Plowden as chairman at the end of the year. He was chairman of the British Airports Authority, and, until recently, of the Civil Aviation Authority. He is also a non-executive director of The Charterhouse Group and of the Bekaert Group in Belgium. Mr John L. Read has resigned from the board of ECI, having served

Just try to get out of this one, sun.

The sun is a very powerful source of energy. Even on a cold, overcast winter's day, its rays pour through windows to create warmth. Now Can you imagine how valuable it would be to trap that

warmth, to lock it in and put it to work? Because, that's what we've just done.

We have developed a new kind of glass - 'Kappafloat' energy glass. It's one of the most important advances in glass technology this century.

What does Kappafloat do? Amazingly, it acts as a mirror to room heat - vet it lets in light and solar heat like ordinary glass.

Room heat coming up against a pane of Kappafloat bounces straight back again. Heat trapped from the sun, heat from radiators, heat from electric light bulbs - even body heat: all are locked indoors, day and night, to save energy and help cut fuel costs.

Kappafloat improves the insulating performance of double glazing by 50%, making it as efficient as triple glazing. And effectively better than a cavity wall. (Which means incidentally, that windows can

be made larger without infringing energy conservation legislation). Kappafloat is available in our sealed double glazing units, as PHIKINGTON 'Insulight K' So from today on, when you think of double

glazing, think first of K. After all, now we have trapped the sun, it would be

silly not to put it to work. For further information about Kappafloat energy glass and Insulight Kunits, please write to the address



Ochoni. Support for Rotterdam grain strike falters

SUPPLIES OF grain and other area but that "no one is basic foodstuffs to Europe held screaming." up by the continuing strike of dockers in Rotterdam harbour them loaded with cereals and are beginning to get through by rice, are at present stranded in Rotterdam, and several more way of Belgium and West Germany. The previous soli- that Belgian and German dairty of workers in Hamburg, workers have demonstrated an Ghent, Antwerp and other ports unwillingness to continue blackappears to have been broken.

The strike itself, involving some 1,00 Ograin handlers—most into its second week and is no Antwerp and Ghent. nearer a solution.

Yesterday, Mr Wim Kok, chairman of FNV, the Netherlands' largest trade union, told the strikers that they had full union support and should hold out for a honourable settlement. The men baev indicated that they could accept the management's wage offer but are demanding longer holidays and charter bours.

Amsterdam said yesterday that A U.S. wheat analyst based in there were some grain shortage in West Germany's Rhine Authority indicate.

Rare cattle

By Our Commodities Staff

THE SHETLAND Islands

Council has granted £19,000

to finance a 10-year scheme

aimed at preserving the Shot-

land cattle breed in its pure

form on its home islands. The

scheme will be administered

by the Rare Breeds Survival

The Shetland breed, be-

lieved to be of Scandinavian

origin, is one of six cattle

breeds classified as rare and endangered by the trust.

Under the scheme islands'

breeders will be offered £100

Ffor every Shetland cow and

£200 for every Shetland bull

kept on the islands and bred

pure. The trust will supply

Shetland semen free of charge

for approved uses and, in

certain circumstances, will

bny pure-bred heifers unsold

on the islands. It will also continue to publish the Shet-

A total of 15 ships, most of are waiting to come in. Now

ing action of ships bound for Rotterdam, it is thought likely that at least some of the employed by Graan Elevator affected vessels will embark for Maatschappij (GEM) is now well other ports, most probably 1977-81 average would yield

Imports of ore and other raw materials continues meanwhile to be held up by a related strike in Rotterdam. Some 1,000 unloaders employed by Frans Swarttouw and Emo, have been refusing work since May 4, causing local shortages obliging importers to look elsewhere for bulk supplies.

Our Commodities Staff writes: The UK grain crop will reach a new record this year unless yields fall significantly below recent levels, figures published by the Home-Grown Cereals

Following a planting survey, the HGCA has estimated total cereals plantings this year in England and Wales at 3.4m hectares, nearly 1 per cent higher than in 1981.

If last year's above-average yields were repeated this would result in a wheat, barley and oats harvest of 19.72m tonnes, beating the 1981 record of 19.35m, the Authority calculated. But these were exceptionally good years and the only 18.98m tonnes, the HGCA pointed out.

A continuation of the yield trend over the past five years would result in a 20.25m-tonnes crop, it added.

Within the plantings total the wheat area was estimated 10 per cent higher than last year's at 1.6m hectares. Winter plantings accounted for 98 per cent of the 1982 wheat total, Almost half the indicated barley area was also winter planted and the total was 6 per cent down at 1.7m hectares. Estimated oats area was 93,100 hectares, down 7 per cent.

Nickel talks break down breeding scheme

BY JOHN EDWARDS, COMMODITIES EDITOR

Nickel and the unions on the terms of new labour contracts broke down yesterday Reuter reported from Ontario. The union said it will recommend that its 10,000 members reject the company's latest offer to be considered at a meeting on Friday, which would prepare the way for a strike to be called when the existing labour contracts expire on May 31.

The Sudbury complex normally provides some 70 per cent of Inco's total nickel sales and is also an important producer of copper and platinum as byproducts.

However, the company has accumulated considerable stocks, especially of nickel, because of the present poor demand for metals, so it could continue to maintain supplies for some time. At the same time other nickel producers have ample stocks available. Nevertheless nickel futures

FALKS between International rose on the London Metal Exchange yesterday, with the cash price closing £65 up at £2,967.5 a tonne.

Other metals were marginally easier, although a firmer trend was evident in late trading following news of cuts in U.S. prime interest rates. But tin was under pressure and the cash price closed £95 down at £6,865 a tonne—its lowest level since March this year. The market was nervous

awaiting the outcome of the International Tin Council meeting in London yesterday, which was considering a proposal for a further increase in the buffer stock's buying capacity by borrowing more money. It is known that some consumer countries, notably the UK, would prefer a cut in the Agreement's price range to a more "realistic" level, while others want greater export curbs. The talks were still

continuing yesterday evening

£16.50, 16.00, 15.50, 15.00. Alternoon: Three months £416.00, 17.00, 16.00. Turnover: 11.800 tonnos.

a.m. + or p.m. + or Official —

2920-30 +42,5 2965-70 +65 2990-5 +40 3030-35 +65

Nickel — Morning: Three months £3,000, 2,590, 85, 80, 85, 95, 90. Kerb: Three months £2,990. Afremoon: Three months £3,040, 30, 25, 20, 15, 20, 25, 15, 20, 25, 30, 35, 32, 35. Kerb: Three months £3,040. Turnover: 1,044 to

Silver was fixed 4.2p an ounce tower for spot delivery in the London buildon market yesterday at 358.952. U.S. cent equivalents of the fixing levels were: spot 848.6c, down 8.2c; three-month 657.8c, down 8.2c; three-month 655.6c, down 9.1c; and 12-month 655.6c, down 9.7c. The metal opened at 359.3620 (648-652c) and closed at 351-364p (652-656c).

LME—Turnover 98 (87) lots of 10,000 ozs. Morning: three months 371.0, 70.5, 71.0, 71.5, 71.8, Kerb: nil.

Afternoon: three months 374.0, 75.0, 74.5. Kerb: three months 374.50,

Fusines drilled lower on stronger sterling in thin conditions to trade at new lows. Commission house short-covering driving late destings pared the sarker losses, reports Gill and Duffus.

COCOA Yest'day s + or Business Done

Sales: 1,545 (2,456) lots of 10 tonnes. ICCO—Deily price for May 24: 74.95 78.14). Implicator price for May 25:

+1.0

934-25 + 1,0 894-90 924-25 - 925-15 951-52 --2,0 953-43 933-94 +3,0 994-32 1027-38 +4,0 1028-24 1048-55 +4,5 1050-36 1070-71 +0,5 1070-84

Seles: 3,671 (2,893) lots of 5 tonnes. ICO Indicator prices for May 21: (U.S. cents per pound): Comp. daily 1979 116.92 (116.34); 15-day average 190.72 (121.21).

WOOL FUTURES

+11.5 1067.47 +15.5 1115.90 +10.0 1086.71 +9.00 1076.62

+4.8 1050-46

897-98

SILVER

COCOA

(78.14). Indi 75.69 (76.27).

120.72 (121,21),

Rise urged in wool floor price

CANRERRA—The Wool Coun-til of Australia said it has recommended a 12 per cent rise in the 1982/83 season floor price to 422 cents a kilo clean from 410c

The recommendation was given yesterday to Primary Industry Minister Peter Nixon who will set the new floor price when the current season ends

The Australian Wool Corporation's market indicator price closed last week at 422c a kilo.

Meanwhile the market for merino fleece of 21-24 microns was up to 2 per cent dearer, 20 micross were up to 1 per cent dearer and finer fleece and all merino skirtings were unchanged compared with last week's sales.

Schools to sell flavoured milk

By Our Commodities 5taff

BRITISH schoolchildren will soon be able to buy flavoured semi-skimmed milk at ubsidised prices under an EEC scheme In a written answer to a

Parliamentary question Mr Peter Walker told the House of Commons yesterday that, following consultations with the EEC Commission, the EEC Commission, flavoured milk would be made available to British schools from June 1. He said he hoped local education authorities would take full advantage of the scheme, especially as the Community subsidy had been increased by 24 per cent and the national contribution

halved to 12\frac{1}{2} per cent.

The new subsidy rates on dairy products available to schools are: 10.92p a pint for whole milk and whole milk yogurt; 6.3p a pint for semiskimmed milk and semi-skimmed milk yogurt; 2.7p a pint for skimmed milk yogurt; 38.09p a lb for processed cheese; and 84.63p a lb for natural cheese.

Last year 104 British local education authorities out of 122 participated in the scheme and another 14 are expected to join during the current year. In 1980/81, the latest PHILIPPINES SUGAR

Exports dealt further blows

industry, already troubled by plummeting world market prices, is suffering further blows from the newly-imposed import quotas in the U.S., and m the newly-imposed import from the recent decision of the International Sugar Organisation (ISO) to freeze basic export tonnages to 1982 levels.

Local producers' morale is at a low ebb and as a result, many sugar estates are switching to other more profitable crops. Planters and millers, especially those in the Negros region, who account for over 60 per cent of the country's sugar production, expect zero-growth in this year's cane production. President Ronald Reagan's

decision to impose import quotas means that in May-June the Philippines will only be allowed to export to the U.S. 29,700 jonnes or 13.5 per cent of the total. Its whole-year quota is expected to be 180,000 tonnes. This is a far cry from the average exports to the U.S. of about 550,000 tonnes from 1975

to 1980. Last year, however, exports to the U.S. reached only 189,000 tonnes. The Philippines oped to increase this considerably, but the move has now been stymied by the quotas. what makes

Philippine's sugar outlook even grimmer is the continuing decline in cane production. Government officials admit that even if the U.S. did not impose

PHILIPPINE sugar quotas, and even if the ISO's Philsucom, the Philippine Sugar export tonnages were raised, the Commission, and has generally Philippines would not be able been lower than the export to sell more because output has price. After strong protests been declining anyway. If the from producers, it was recently downward trend in output con- increased from 110 pesos a picul tinues, the reduced exports will (0.10 cents a pound) to 165 are unwilling to accept lower have a staggering effect on the pesos a picul (0.14 cents a balance of payments, since pound). Planters have long balance of payments, since pound). Planters have long sugar has traditionally been the been lobbying that domestic sugar be freed from control and let it seek its own level.

Philippines' top dollar earner. Philippine sugar production has been declining during the past five years, interrupted only hast year by a tiny 2 per cent increase in output — to 2.31m from 1980's 2.26m tonnes. At the root of the country's

productivity problem are the pricing and marketing policies of the National Sugar Trading Corporation (Nasutra). Many producers have been deliberately keeping production down (or constant, at the most) because they claim that the government's pricing policies are "curtailing the planters" initiative to produce more sugar." They said that even if they raise their productivity, the: average (composite) price they price paid them by Nasutra does not assure reasonable profits.

Producers are required to sell all their raw sugar to Nasutra has gone up to an average of at prices based on the "composite price" of sugar, derived from the weighted prices of domestic and export sugar. The policy is for Nesutra to split the total sugar output to 60 per cent

man said.

The export price depends on the world market movements. but planters have raised questions about some of the items that Nasutra subtracts from their final share. They are critical of Nasutra's cost efficiency as a trading company. A Negros planter said that his group recently discovered that in late 1979, Nasutra sold almost 1m tonnes of old stocks at 10.53 cents a pound when the average price during the period was 21 cents a pound.

The Prime Minister, Mr Virata, admitted that some producers are losing because the receive for their sugar is 145 pesos a picul (or 13 cents a pound) while production cost 14 cepts a pound. Meanwhile, Nasutra is main-

taining a tightkipped face, saying that most of the informa-tion demanded by the pro-ducers are trade secrets. If export and 40 per cent domestic divulged, they would jeopardise The domestic price is fixed by national market. Nasutra has of its ISA quota.

said that many producers, have been reporting much higher production costs than the actual figures to force the government to raise prices. "The trouble with many planters is that they profits. As it is, they are still at a profit position," the spokes-

There is one area where Nasutra has given the industry a protective coat and that is through the long-term contracts it entered into with foreign buyers in mid-1980. It committed half of the country's export_crop from 1981 to 1984 at an average price of 23.5 cents a pound. The move, made at a time when the World price was 35 cents, raised a furore among planters. Today, with prices at less than 10 cents a nound planters are protected until 1984 and can therefore plan future investments with some certainty.

While both the private producers and Philsucom try to come to terms with the problem of productivity, the Philippines keeps on missing its chances of increasing exports under the International Sugar Agreement (ISA). Last year, its minimum export quota under the ISA was 1.48m tonnes, but only 1.23m were available for export. It seems certain that for the time this year, the its frading position in the inter- Philippines will again fall short

Banana fungus threatens Jamaica

BY CANUTE JAMES IN KINGSTON

and the Windward Islands are gearing to do battle with the deadly black sigatoka fungus which has been marching northward and eastward from Latin Growers here say the pre-

sence of the disease in the island is inevitable, and that they expect the Caribbean banana industry, which exports all its fruit to Great Britain, to be severely affected.

The fungus is now in Martinique, and we expect it soon to hit the Windward Islands, Jamaican Agriculture

the Windward Islands. But we expect that their industry will be hit and ours shortly afterwards. It promises an economic disaster.'

The fact that the disease is Martinique would be a stepping the Atlantic coast of Colombia. stone for it to spread to this country,

cut a deadly swathe through Américan

ing its spread and we are in which accounts for over 75 per plant touch with the authorities in cent of the world's banana The

The disease was discovered in Fiji in 1964, and attacked fought off not with chemicals, banana farms in Honduras in but by developing new, resistant 1969. It then went on a rampage through Belize, Guatemala, in Martinique means that the Costa Rica, Nicaragua, El islands. between Jamaica and Salvador, Mexico, Panama and

Dighting black sigatoka is hard and expensive. The fungus Black sigatoka has already attacks the leaves of the banana to the island's export trade, and plants, but unlike its less viru- could destroy the industry comlent cousin, brown sigatoka, it pletely in Jamaica.

BANANA producers in Jamaica Ministry said." We are monitor- countries, affecting an area quickly leads to the death of the There is now general agree-

> ment within the banana trade that the disease can best be strains of bananas. The fungus quickly develops immunity to chemicals which have been applied,

If the fungus does reach the Windward Islands and Jamaica, it would deal a crippling blow

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices were inixed on the London Metal Exchange. Once again Nickel showed the greatest strength on the back of reports that Inco's labour negotiations had broken down, and closed at the day's happing 1251.5 both improved a trate, but Copper closed basels of the price of 1515.5 both improved a trate, but Copper closed basels of the price of 1515.5 both improved a trate. finally 2415.5. Tim feet to £7,005 before influential buying late in the day brought about a recovery to £7,045 by

COPPER Official - Unofficial - 2,656 tonnes. £ £ £ £

Ameigamated Meesi Trading reported that in the monoing high grads copper tested at E810.50. Three manths 5842.60, 41.50, 41.50, 42.50, 40.00, 1882.03, 41.50, 41.50, 47.50, 47.50, 40.50, 63.60, 47.50, 64.50, 63.60, 36.00. Kerb: Higher Grade, three months 5846.00, 45,50, 45,00. Turnover: 30,225

Tin-Morning: Standard, cash £6,900, Three meaths £7,060, 55, 60, 55. Karb: Standard, three months £7,000, 20, 30, 17.020, 10, 7,030, 05, 20, 30, 25, 20,

TIN			p.m. Unotilicial	<u> </u> + !
High Grad Cash 3 months	6695-900		£ 6860-70 7015-20	ز
Settlem't Standard	6900	—10	i —	
Cazh S months Settlem't	7050-5 6900	-100 -50 -10	6860-70 7015-20	7
Straits E. NewYork	‡529.40 	¦ <u>-</u>	i — ·	

Tin—Moming: 10, 15, 20, Kerb: Standard, three months £7,020, 30, 40, 45. Turnover:

LEAD	a.m. Official	+ 01	Unofficial	
00.05	200 £ 0 5	£ .	£ 310.5 .75	£
3 months Settlem't	331.5-2.5	-0.25	3235	j
U.S. Spot		_0,25 	26-8	
Lead-6	Viorning: 1	Cash	£306.00, £321.00, £	19,00 10.00
19.50, 20	00, 20.50,	21.0), 22.00, 2), Kerb:	13.C
months	£322.00,	20.50). Alter hombs E32	1006
Cash Est	U.50. IMA	ea m	ionnas Liv	7.U

23.00, 22.50, 22.00, 23.00, Kerb: Three months £325.00, 28.00, 26.50, 25.00, 24.50, Turnover:

Zinc-Morning: Cesh £408.00. Three months £416.00, 15.50, 15.00, 14.50, 14.00. 14.50, 15.00, 14.50, 14.50, 13.50, 13.00. Kerb: Three months

FINANCIAL TIMES May 34 May 21 Month ago Year ago 259.80 241.47 248.72 -

INDICES

(Base: July 1 1952-100) MOODY'S May 24 May 21 Month ago Year ago

(December 31 1931=100)

DOW JONES

May May Month Year 24 21 ago ago

REUTERS

May 25 May 24 M'nth ago Year ago 1557.5 1560.3 1609.0 1695.1 1001.0 1005.0 1006.5 1078.8 (Base: September 18 1931 = 100)

RESIDENTIAL

AMERICAN

seek luxury furnished flats or houses up to £350 per week. Usual fees required. Phillips Kay and Lewis 01-839 2245

MOTOR CARS

ASTON MARTIN

DBS V8

MARCH 1978

Beautiful car in immaculate condition. Metallic blue, tan leather upholstery, driving lights, stereo, tow-hitch, 34,000 miles. Genuine reason for sale.

£12,950 ONO Day or evening 01-937 7060

Austrollan cents par kg. July 548.5. 549.0, 549.0; Oct 526.0, 526.9, 527.0-526.9; Dec 531.5, 532.0, 532.0-531.0; Mar 536.0, 537.0, 532.0-535.5; May 539.5, 540.0, 540.0-539.0; July 544.5.

, , , , , , , , , , , , , , , , , , , ,					
Month	Yest'day's close	+ or	Business Done		
MayJuneSeptOct	\$ U.S. par tonne 312.00 299.26 295.25 294.75 295.75 297.00 300.50 303.50 304.50	-3.75 -3.50 -4.00 -3.60 -4.25	514,80-11,00 301,75-97,50 298,00-95,00 297,50-95,50 286,25-95,75 297,04-96,60 500,50-99,75		

* Cents per pound, \$ M\$ per kHd. GRAINS
† On previous official close. The market opened slightly lower to

tebout	eports.					
WHEA	WHEAT BARU					
Mnth	Yesterd'y: close	+or -	Yest'rd'ya close	<u> </u> *		
July Sept . Hov Jan Mar	122,40 109,25 112,80 116,75 120,55	-0.85 -0.20 -0.20 -0.20 -0.55	112,20	0000		
Busi	ness don	Whe	et July 1	22.6		

Business done—Wheat: July 122.65-122.15, Sept 103.35-109.25, Nov 113.00-112.80, Jen 116.95-116.75, Mar 120.95 only. Sales: 197 lots of 100 tonnes. Barley: Sept 104.85-104.50, Nov 108.35-108.20, Jen 112.30-112.20, Mar 115.95 only. Sales: 177 lots of 100 tonnes. LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 111, June 110.90, July 109.75, Aug 109, Sept 103.90 transhipment East Coast. English Fead tob May 122. Sept 113. Oct 1/15, Nov 117 East Coast. Maize: French first half June 138 transhipment East Coast. S. Adrican White/Yeltow June/July 85.00. Barley: English Fead tob June 115.90 Guinness, Sept 108.25 Oct/Dec 112.50 East Coast. Rest un-

RUBBER

The London physical merket opened stightly essier, attracted virtually no interest throughout the day and closed very quiet. Lawis and Peat recorded a June feb price for No. 1 RSS in Kuals Lumpur of 204.5 (sems) cents a kg and SMR 20 177.0 (177.5).

Trade buying helped sustain a firm wand after an unchanged opening reports Draxel Burnham Lambe	no, 1 Year rys Previous Business
Recent resistance levels were breach in light volume and further gasts we posted following a steady-New Yopertonnance.	ed kre
COFFEE Close + or Busine Done	Oct Dec 86.70-58.90 56.30-57.00 57.00-56.60 ** Jan-May 58.80-58.70 58.88-58.80 58.80-58.60
May 1190-95 +31.5,1205-5 July 1158-59 +11.5,1067-4 Sept 1106-09 +15,5,1115-9 Nov 1082-84 +10.0,1086-7	Oct-Dec 64.10-84.20 64.30-84.40 84.10 J'n-Mch 66.00-88.10 68.16-68.20 88.00 Scies: 85 (122) lots of 15 tonnes.

POTATOES

LONDON POTATO FUTURES-The LONDON POTATO FUTURES—The market recovered previous day's losges on thin volume, reports Coley and Herper. Closing prices: Nov 64.50, +1.00 (high 64.80, low 63.50); Feb. 72.60, +1.00 (high 73.00, low 72.00); April 83.60, +1.60 (high 83.60, low 82.00); May 95.00, +1.70 (high 85.00, low 93.00). Turnover: 162 (1995) lines (owr 93.00).

SOYABEAN MEAL

emeined delensive.					
	Yesterdys Close	+_or	Business Done		
	£ per tonne				
une ugust ctober ecec	132.50-52.6	-1.65 -1.15 -1.25	134,70-53,70 155,10-52,50 163,90-53,80 187,00		

Seles: 123 (104) lots of 100 tonnes. SOYABEAN OIL—The market opened \$2.00 fower and drifted on weather cash markets before trade buying steedled prices. Closung prices and business done (U.S. § per tonnel): June 527.0-22.0, untraded: Aug \$25.5-28.5, \$22.50-6.00; Oct 528.00-28.00, \$28.50-7.00; Dec 529.50-31.03, untraded: Feb 535.00-38.00, 534.50 only: April 538.00-40.00 untraded: Turnover: 66 (115) lots of 25 tonnes.

price E142.00 (same).
Prices drifted ster a quiet opening but railled following improved New York quotations, reports C. Czamikow.

Sales: 2.072 (1.047) lots of 50 tonnes.
Tota and Lyle delivery price for granulated basis white super was E374.00 (same) at tonne too for home trade and £215.50 (same) for export. International Sugar Agreement (U.S. casts per pound) fob and stowed Caribbean ports. Prices for May 24: Daily price 7.89 (7.79); 15-day average 8,12 (8.18).

SMITHFIELD—Pence per pound. Beef: Scotch kifled sides 81.6 to 87.0; Ulster hindquerzers 101.0 to 103.0, torequerters 58.5 to 60.0. Veel: Dutch hinds and ends 118.0 to 124.0. Lamb: English small 76.7 to 84.0, medium 76.0 to 62.0, heavy 72.0 to 76.0; Imported—New Zealand PL 62.8 to 64.3, PM 62.5 to 63.0, PX 61.5 MEAT COMMISSION-Average Fat-

Valencia Lates 48/113 3.80-7.00; Spenia:
Valencia Lates 6.00-8.40; Outspan:
Navels 56 5.10, 72 4.90, 88 4.20, 138
3.45, Lemons—Spenia: Trays 5 kg 40/50
1.40-1.80; Jaffa: 16 kg 90/123 4.00-5.00;
1.40-1.80; Jaffa: 17 kg 8.00/180 4.50-6.40;
1.40-1.80; Jaffa: 10 kg 90/180 4.50-6.40;
1.

fixed at \$326.00 in the morning. In Zurich gold finished at \$326 and \$327.90 int the afternoon. It 329, against \$328-331.

touched a low of \$3241-3251.

In Paris the 121 kilo gold bar was fixed at FFr 63.550 per kilo (\$330.48 per ounce) in the afternoon, compared with FFr 63,750 (\$332.83) in the morning, and FFr 65,000 (\$338.64) Monday In Frankfurt the 12! kilo bar was fixed at DM 24.135 per kilo (\$326 per ounce), against DM 24,195 (\$334.01) previously, and closed at \$3271-3281, com-

GOLD MARKETS Gold fell \$\frac{1}{2}\$ in the London pared with \$328\frac{2}{329\frac{2}{2}}.

bullion market yesterday, but finished at its highest level of the day at \$327\frac{2}{328\frac{2}{3}}. The metal of \$325.60 per ounce, compared opened at \$326\frac{2}{327}, and was with \$332.00.

	LONDON FOIGHLS					
	Month	Yest'rday's close	+or	Business Done		
		£ per troy ounce	[
	August Sept'mb' r	786,30-6,35 187,95-8,15	100 ± 0.075	186,30-4,1		
•	October November	189,75-9,85 191,50-1,85		189_80-9.ā		
	December		-0.750	_		

Turnover: €96 (1,042) lots of

	M	May 25		ay 24
	Gold	Bullion (Tine ou	incs)	 -
•	Close\$32734-32834 Opening\$3264-327 Morning fixing\$326 Afternoon fixing\$327.90	(£181½-182) (£181-181½) (£180,340) (£181,612)	\$328-329 \$333-333 ½ \$331,85 \$329	(f 182-1821 ₂) (f 185-1851 ₄) (f 184,054) (f 181,969)
	Gold	Coins		
	Krugerrand	(£1871 ₄ -1875 ₄ (£961 ₂ -97) (£49-491 ₂) (£20-201 ₂) (£1877 ₄ -1875 ₄) (£44-441 ₄) (£511 ₄ -52) (£511 ₄ -52) (£251 ₂ -221 ₂ -2245 ₄) (£255 ₂ -2285 ₄ -2245 ₄) (£255 ₁₋₂ -2881 ₄	\$791 ₈ -80 \$931 ₂ -95 \$931 ₂ -95 3681 ₄ -781 ₄	(£1871 ₂ -188) (£971 ₆ -961 ₈ 1 (£491 ₃ -493 ₄ 1 (£20-201 ₂) (£1871 ₂ -1881 (£44-441 ₄ 1 (£513 ₄ -521 ₂) (£573 ₄ -431 ₄ 1 (£2731 ₂ -225 ₁ (£177-1781 ₂) (£2273 ₁ -240 ₁ 1

AMERICAN MARKETS

NEW YORK. May 25
Coffee rallied sharply on anticipation of a quota cut. Cocoa was moderately higher as producers withdraw offerings from the market. Sugar rallied on short-covering and technical buying. Cotton was moderately lower on continued commission house liquidation. Precious metals advanced slightly on profittaking following recent declines, reported Heinold.

ported Heinold.

Copper—May 66.70 (65.95). June 66.75 (66.10). July 67.70-67.90, Sept 69.50-69.55, Dec 71.85-72.90, Jan 72.80, March 74.50, May 76.00, July 76.60, Sept 79.20, Dec 81.80, Jan 82.35, March 83.95.

**Gold—May 33.9.2 (328.1). June 33.90, Aug 380.337.2, Oct 344.0-344.5, Dec 350.5-351.0, Feb 328.3, April 365.8, June 373.4, Aug 381.1, Oct 388.9, Dec 388.3, Feb 404.8, Potatoes (round whites)—Nov 77.0-77.3 (77.2), Feb 85.0 (85.8), March 88.0. April 100.4-101.0, Salas: 319, 158itver—May 652.4 (52.9), June 653.0 (655.2), July 680.1-663.5, Sept 677.0-679.0, Dec 701.0-703.5, Jan 709.2, March 725.3, May 741.4, July 757.5, 677.0-679.0, Dec 701.0-703.5, Jan 709.2, March 725.3, May 741.4, July 757.5, Sept 773.6, Dec 797.8, Jan 805.8, March 821.9, Handy and Harman bullion spot 652.50 (654.00).

Sugar—No. 11: July 8.36-8.38 (8.20), Sept 8.67-8.69 (8.50), Oct 3,80-8.83, Jan 9.33, March 9.32-9.85, May 10.03-10.10, July 10.28-10.30, Sept 10.35-10.45, Sales: 8,203.

Tin—573.00-575.00 (575.00-578.00), CHICAGO, May 25

CHICAGO, May 25 Lard-Chicago loose 23.00 (same). Live Cattle—June 72.07-72.12 (72.27), Aug 67.12-67.05 (66.70). Oct 63.70-63.60, Dec 63.40-63.30, Feb 62.90, April 63.00, June 63.90.

53.00, June 63.50. Live Hogs—June 62.50-62.60 (61.85), July 62.65-62.75 (61.90). Aug 61.95-61.97. Oct 58.30-59.20, Dec 58.25-53.15, Feb 54.95-54.85, April 50.75, June 52.22, July 52.48-54.85, April 50.75, June 52.22, July 52.25. #Maize—July 2751-276 (2791). Sept 274-27712 (281), Dec 2801-28014. March

EUROPEAN MARKETS

Jen 275.50, rep cross, sellers.
Soyameal—(U.S. S per tonne): 44 per cent aflort 235, May 231/230, June 233/229.50 traded: afloat 235, May 230, June 230, July/Sept 233, Nov/Mar 243 sellers. Soyameal Brazil afloat 247, May 243.50, June 244, June/Sept 245, Nov/Mar 260 sellers.

PARIS. May 25.

/FFF per 100 kilos): May 4577/

2937-2934, May 302, July 309.

Pork Bellies—July 85.60 (23.60),
Aug 83.55 (81.55), Fab 75.90-76.20,
March 76.40, May 76.50, July 77.20,
Aug 74.90,
Aug 6801-661 (6664), Sept 6624, Nov
6 668-659, Jan 681-6815, March 696, May
7087-July 7181-, Aug 7221||Soyabean Meal—July 186.7-167.0
(189.3), Aug 7188.0-183.5 (199.4), Sept
130.0-189.5, Oct 190.5-190.0, Dec 104.2. (189.3). Augli 188.0-188.5 (190.4). Sept 130.0-188.5, Oct 190.5-190.0, Dec 104.2, Jan 197.0-196.5, March 201.0-202.0, May 205.9-206.0, July 206.0-207.0, Soyabsan Oil—July 20.61-20.63 (20.84). Aug 20.90-20.91 (21.24). Sept 21.12 Oct 21.35-21.30, Dec 21.65, Jen 21.83, March 22.30, May 22.40-22.50, July 22.95.

1Winear—July 3551,-355 (3591.), Sept 3701,-3701, (3744.), Dec 391-3901, March 4061, May 4131.

WINNIPEG, May 25.58 (125.60, Dec 126.60, March 128.60). Oct 125.50, Dec 126.60, March 128.60.

§Wheat—SCWRS 13.5 per cent pro-sin content cil St. Lawrence 219.93 §Whest—SCWRS 13.5 per cent pro-tern content cit St. Lawrence 219.93
All cents per pound ex-warehouse unless otherwise stated. *\$ per tray ounce. I Cents per tray ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. §\$ per short ton (2,000 lb), §\$Can. per metric ton. §§\$ per 1,000 sq ft. ‡ Cents per dozen. ††\$ per metric ton.

Monday's closing prices NEW YORK, May 24.

HEW YORK, May 24.

11Cocos—July 1512 (1537), Sept 1564 (1587), Dec 16.30, March 16.30, May 1730, July 1770, Sales: 1,520, Coffee—"C" Contract: July 125.60, 125.70 (128.38), Sept 119.30-119.50 (120.12), Dec 115.50-116.00, March 119.52 (120.12), Dec 115.50-116.00, March 119.52 (120.12), Dec 115.50-116.00 112.95-113.10, May 110.00-111.50, Sales:

112.95-113.10, May 110.00-111.50, Sales: 1.855.
Cotton — No. 2: July 66.57-65.53 (67.22), Oct 69.53-69.60 (70.17), Dec 70.95-71.00, March 72.90, May 74 05-74.30, Oct 76.10-76.50, Sales: 2,800, Orange Julice — July 118.00-118.30 (117.95), Sept 121.00 (121.16), Nev 12.829-123.00, Jan 124.40, March 126.00-128.20, May 127.40-127.60, July 128.80-129.00, Sept 130.20-120.40, Sales: 800.

CHICAGO, May 24. Chicago Imm Gold—June 328.2-328.5 (336.8), Sapt 338.8-338.5 (347.6). Dec 349.5, March 360.5, June 371.9, Sept

COTTON

LIVERPOOL—No spot or shipment sales were registered. Buyers were spann nervous about future developments and did not entertain freshorders. Even regular growths were inquiet request, and business generatly faited to broaden.

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PROPERTY

EXECUTIVES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand carts per kg. May 362, 368, n8; Aug 384, 388, 386-385; Det 398, 399, 400-399; Dec 404, 405, 404; Jen 408, 437, 406; Mar 416, 416, 416; May 423, 425, 424, Aug 425, 437, nit; Oct 428, 441, nit; Sydney GREASY WOOL—Close (in order: buyer, seller, business),

GAS OIL FUTURES

remier M	sn.		
Month	Yest'day's close	+ or	Business Done
lay	\$ U.S. per tonne 312.00	_1.00	814.80-11.00
uhy	299,25 295,25	-3.75 -3.50	301,75-97,54 298,00-93,00
ugust ept et	294,75 295,75 297,00	3.50	297,50-93,50 296,25-93,7: 297,00-96,60
ov	300,50 303,50		300.50-99.75

n	304.5	ŭ <u>⊨</u> 6.5		<u> </u>	
Turnover:	1,579	(2,135)	iots	ai	
MBAT	TATC!				

ncha rport	inged one is.	d was	very	qwet,	Aci
THE	λT		<u> </u>	BA	RLE
nth	Yesterd';		Yest	rd'ys Se	<u>+</u> º
ily spt		-0.85 -0.20 -0.20 -0.20		25	-0.4 -0.2 -0.2

R.S.S.	glose	CIOS	Done		
July	65.30-55.40	55.50-56.00	55.50-55.30		
Aug Jiy-Sept	55,50-65,60 56,50-55,78	 65,60-65,70	55,60		
Jan-Mar	56,70-58,90 58,80-58,70	58,88-58,90	57,00-56,60 58,00-58,60		
Api-Jac Jiy-Sept Oct-Dec	68,40-60,50 62,20-82,30 64,10-84,20	60,80-60,90 62,50-62,60 64,30-64,40	60,50-68,40 62,30-62,20 64,10		
J's-Mch	86.00-88.10	69, 10-68, 20	64. Jú		

Physical closing prices (buyers) were: Spot 53.50p (54.00p); July 52.50p (same); Aug 53.25p (53.50p).

HIDES—Birmingham: The market was mainly unchanged. Second clears. On: 31-35.5kg. 58.8p a kg (59.3p); 26-30.5kg. 66.8p a kg (50.7p); 22-

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod "£3.55-£4.30, codkinge £2.80-£3.40; large haddock £3.60-£4.20, medium £3.30-£3.00, small £2.50-£3.00; large plaice £5.20, medium £4.60-£5.30, best small £3.50-£4.00; skivmed dogfish (£arge) £12.00-£14.00, (medium) £10.00-£10.50; lemo asole (lerge) £3.50, (medium) £7.50; rockfish £1.50-£2.00; saithe £1.80-£2.50.

	renorms T.		er on long oddick, and
	Yesterdys Close	+_or	Business Done
	£ per tonne		
une ugust ctober	132.50-32.6	-1.65	134,70-33,70 1 <i>5</i> 8,10-52,50 1 <u>6</u> 3,90-33,80

April......142,00-44,0 --

SUGAR LONDON DAILY PRICE—Raw sugar £110.00 (same) a tonne cit May-June-July shipment. White sugar daily

MEAT/VEGETABLES

MEAT COMMISSION—Average Fat-stock prices at representative markets. GB—Cattle 100.13p per kg fw (-1.52). GB—Sheep 172.03p per kg fw (-1.52). GB—Pigs 73.03p per kg fw (-1.93). COVENT GARDEN—Frices for the bulk of produce, in starling per package except where otherwise stated: Imperted Produce: Oranges—Cyprus: 15 kg Valencia Lates 3.20-8.00; Jaffa: 20 kg Valencia Lates 56 6.25, 50 6.25, 75 6.25, 88 5.89, 105 5.50, 123 4.85, 74 4.50; Moreccan: 16 kg Valencia Lates 48/113 3.80-7.00; Spanla: Valenca Lates 6.00-8.40; Outspan: Navels 56 5.10, 72 4.90, 88 4.20, 138 3.45, Lemons—Spanla: Trays 5 kg 40/50

PRICE CHANGES In tooned unless otherwise stated.

May 25 + or Month Free Mkt.

Coora Ph lip Grains
BarleyFut, Sep £104.50 -0.45 £103.45
Maize £138.0v £135.5
Wheat Fut,Sep £109.25 -0.20£133.55
No.2HardWint ;

Cther commodities
Cocca ship to 2950
Future July 2924.5
Coffee P. July 21158.5
Cotton A.Index 75.70c
Gas Gil June... \$299.25
Fubber (Kilc)... 53.5p
Sugar (Raw)... 2110wy
Wool: ps 84s ki, 397p kilo... 401pkilo In tonnes unless otherwise stated. ‡ Unquoted. v-June. u June-July. † Per 70th flask. ° Ghane coop. n Nominal. §-Seiter. b May-June-July.

African: Granny Smith 10.50-11.50, Golden Delicious 11.50-12.80, Stark-crimaon 11.00-12.50; U.S.: 18 kg Red Delicious 9.00-14.00; New Zealand: Sturmers 11.50, Pasrs—South African: 15 kg Packham's Triumph 10.50-11.80, Comice 34 ib 11,00-12.00, Beurre Bosc 90.10 40.00 Chilosus Packham's Triumph 10.50-11.80, 9.00-10.40; Chilean: Packham's Triumph 20 kg 14.00-15.00; Italian: Per pound English Produce: Potatoes-Per 55 lb White 4.50-5.00, Red 4.80-5.50, King Edwards 5.00-6.50, per pound new 0.18. Passecrassane 0.14-0.16. Peaches —

Mushrooms—Per pound open 0.50-0.50, closed 0.60-0.80. Apples—Per pound Bramley 0.20-0.34, Lettuce—Per 12 round 0.60-1.20, Cas 10's 2.80-3.00, Webb's 3.00. Onlons—Per 55 lb 40/80 mm 3.00-4.20. Spring onlons—Per bunch 0.08.0.12. Spring cabbage—Per 25/30 lb 3.00-4.00. Carrots—Per 26/28 lb 2.00-3.00. Bestroots—Per 28 lb 2.00-1.00. long 1.20. Rhubarb—Per pound outdoor 0.08-0.12. Leeks—Per pound outdoor 0.08-0.12. Leeks—Per 1.00-1.20, fong 1.20. Rhubarb—Per pound outdoor 0.08-0.12. Leeks—Per 10 lb 1.20-1.50. Cucumbers—Per package 2.20-3.00. Greens—Per 30 lb Kent 1.50-2.00. Tomatoes—Per 12 lb box D/E 3.50-4.00. Cautillowers—Per 12 Kent 3.00-4.00. Asparagus — Per pound 0.60-1.50. Strawberries — Per 8 oz 0.35-0.60, 4 oz 0.20-0.30. Raspberries—Per 4 oz pack 0.70-1.30. Colory—Per 12/30 4.00-5.00. Cerrots—Bunches 12 in box 2.00.

Spanish: 4.50-7.00.

Deere earnings plummet by 97% in second quarter

in the second quarter of this quarter.

Net profits for the three Deere products had been inten-months to April 30 were only sified by continuing high 53m compared with \$90.7m in interest rates and low prices for the same period last year. With agricultural produce he said profits already off in the first three-month period leaves earnings for the first half year at only \$36.7m or 54 cents a share, compared with \$128.6m or \$1.98.

Deerc's world sales fell by the fall in profits included: 9 per cent in the first six months to \$2.31bn. The company has an extensive business in industrial equipment, including crawler tractors and earthmoving equipment. But this division turned in a substantial loss last year from its 14 per cent of group sales.

Mr William Hewitt, the chairman, warned last month of a • "Significantly higher spend- last year.

DEERE, the large U.S. farm "serious decline" in earnings ing" on sales incentives to industrial for the rest of the current fiscal counter "extremely low competimachinery manufacturer, said year, following an 11 per cent tive prices" offered by other earnings slumped by 97 per cent drop in earnings in the first

The decline in demand for by continuing high yesterday.

Even so, he claimed: "We are weathering the current recession reasonably well compared with many other companies." Other factors contributing to

• A 14 per cent decline in the physical volume of sales world-

 Under-use of production capacity. Deere's two industrial equipment factories were closed in January, and a foundry and the Iowa tractor plant were shut for two weeks in March.

Mr Hewitt warned again yesterday that he expected earnings to remain under severe pressure and emphasised the need for strict cost and operations control. All salaries have already been

manufacturers.

frozen and the company recently stopped contributing to an employees stock purchasing Salaried staff have also been

reduced through natural wastage and an early retirement Mr Hewitt's gloom appears to be borne out by other authorities. The recession in the U.S.

agricultural economy is claimed

by some, notably farmers, to be the worst since the 1930s. According to Continental Bank, low commodity prices cut farm incomes by 13 per cent

Further setback at Firestone

BY OUR NEW YORK STAFF

ing economic depression has income was \$27m, or 46 cents last year.
made itself increasingly felt at a share—this included a gain. The di Firestone Tire and Ruber, the of \$12m from debt repurchases. second biggest U.S. tyremaker.

cents a share, for the second share, on the sale of Firestone back. quarter, but this includes an Plastics.

a partial liquidation of Life per cent, from \$2.17bn to \$1.91bn, second quarter fell from \$18m stocks. In the corresponding with the second quarter pro- to \$11m.

NORTH AMERICA'S continu- period of fiscal 1981, net viding \$1.02bn against \$1.11bn

The directors attributed the poor returns to continued de-The latest returns bring net pressed rubber and latex prices After its sharp first-quarter income for the half-year to \$7m which hurt operating income. In earnings decline the group has or 13 cents a share, compared addition, reduced demand for just managed to break even in with \$103m or \$1.78 a share original equipment automotive the second three-month period. The 1981 figure, and truck related products, as Firestone reports a net however, also includes a gain well as temporary plant shut-income of \$5m. equal to 10 of \$50m, equal to 86 cents a downs, contributed to the set-

In the North American tyre after-tax gain of \$5m related to Half-year sales declined by 12 division, operating income in the

Bolivia able to service debt

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BOLIVIA, which last week removed the threat to its \$450m improved. warned international bankers debt rescheduling arrangement that it would be unable to meet concluded with its debt service commitments banks last year. But yesterday during June, has withdrawn a banks were at a loss to know request for a meeting to discuss where the money was coming its cash flow situation.

The country will be able to all, it says. In addition a pay- shortage of dollar liquidity due ment due this month has been to its inability to discount the paid after a delay of a week. The ability to go on paying from Argentina. Some bankers debt service commitments to believe its export revenues its international banks has must have unexpectedly

commercial finances are very tight.

Bolivia was last week proceeds of natural gas sales

While the immediate problem has passed, the small amount of payments involved-\$4.5m this month and \$1.6m in June—has left the impression that Bolivia's

In addition it has yet to meet the commitments after reported to be suffering from a negotiate an agreement on an economic stabilisation programme with the International Monetary Fund which was promised when the rescheduling agreement was signed in April

Alcoa ends production at Texas smelter

By Richard Lambert in New York

ALUMINUM Company America (Alcoa) is closing permanently its 145,000 tonne year smelter at Point Com-

The closure is the latest in a series of cuts in the hard-North American aluminium industry. It will reduce Alcoa's rated production capacity for primary aluminium production in the U.S. by about 9 per cent, and take its operating level up to 73 per cent of capacity.

Mr W. H. Krome George, Alcoa chairman, said the smelter was run on natural gas-"an energy source that will continue to be too costly to use in the production of aluminium." A major capital investment would have been required to bring the 30-yearold plant up to modern environmental standards. The Point Comfort facility

was Alcoa's highest cost smelter, and had been turned on and off in recent years in line with cyclical trends in the aluminium industry. Before the decision to close it permanently the smelter had been out of operation since the end of 1980. The closure will result in a non-recurring charge to net income of about \$4.5m in the second quarter of this year.

The other big aluminium producers have also been redueing capacity in North America.

NLT \$620m bid rejected By Our Financial Staff

AN ACRIMONIOUS battle in insurance industry took another turn yesterday when American General, twelfth largest in the industry, rejected the \$620m bid for voting control by NLT the Nashville-based insurance holding company.

American General directors said in Houston that the NLT offer for 48 per cent of the equity was "not in the best interest of the company," adding that it was "inadequate, and of questionable legality.'

NLT's offer was intended to fight off an equally unwel-come offer for its own equity

NEW ISSUE

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MAY 1982

U.S. \$200,000,000

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Blue-collar store feels the pinch

beginning to talk about a recovery in the U.S. economy in Ed Gibbons, the cigar-chewing, gravel-voiced chairman of F. W. Woolworth, the \$7bn American retailer, paints an altogether gloomy picture.

unhappy time. Mr Gibbons prefers not to speak about the British subsidiary because: "It's best if they speak themselves." and Mexico, where Woolworth has a sizeable presence, is dis- draperies and curtains because nothing to them." appointing to say the least.

Woolworth's profits last year were nearly halved to \$58m compared to the year before. In the first quarter of the current year, it reported a net loss of \$16m or 56 cents a share, compared with a loss of \$2m or 10 cents a share.

Apart from a whole host of

mistakes, not least, Mr Gibbons admits, the failure of the com-pany to keep up with the changes of the Seventies, the underlying problem is that Woolworth is in the most mature end of the retailing business. Although it has been changing its image; it is still essentially a chain catering for blue collar workers. Retail sales are as good an

indicator as any of the state of an economy. In the latest

$\mathbf{\nabla}$ Moonworth

recession. Mr Groods 32ys, specialty store retailing has generally performed much better than mass merchandising.

Mass merchandising is a more inb huge troubles. The north-irect reflection of the pitiful west, which depends on forest direct reflection of the pitiful state of the rank and file hourly worker. Specialty stores have white collar workers and pro- pulp and paper industries, is fessionals in the upper brackets also on its back. as their customer constituency. The effect of the recession

has been smaller because layoffs have been fewer among the of lay-offs have not yet gripped people to the point that they

ing he moved on to finance and as heavily felt. later returned to retailing with Woolworths. He notes several recession and earlier ones. High impact on retail sales and have be covered by long term debt His company is having an interest rates are largely to been more than offset by at reasonable rates, then I blame. The lack of available increase in social security levies. wonder about it."

amortgage money and its high As for the forthcoming July 1 Even retailers are likely to cost has reduced the mobility tax cut—"They are a cruel joke have a hard time: "Even when of the American family dram- on the unemployed since you people go back to work and pay But he acknowledges that busi- atically. This in turn has clob- have to be paying taxes to ness in the U.S. and other bered sales of major appliances, benefit from tax cuts. And, as countries like Canada. Germany rugs, furniture, kitchen ware, many of our customers are

> also had different geographic do not come down. In any event, impact. In the last recession, consumer spending is likely to

sales of these goods depend on

He likes to describe himself growth computer and service because there were opportunias a coat and dress man, industries, the impact of the ties available to raise long term the second part of this year, Mr although after starting in retail- present recession has not been debt, at reasonable interest

domestic items like unemployed, tax cuts mean

family mobility and new house-recovery in the second part of the year, but an anaemic and The present recession has short-lived one if interest rates.

He believes there will be a

"I often find myself contradicting economists. They have a habit of talking about the unemployed and the underemployed, their debts and their problems, in the third person. I talk about them in the first person. They are after all my customers "-Mr Ed Gibbons. chairmain of F. W. Woolworth

the south-east of the country be alone this time in leading the was not hurt as much because country out of recession.

dramatically as it has now. 'Moreover, and I can't quantify this, we have an effect in the south-east this time because of the relationship of the dollar to other currencies. You don't buy as much Florida vacation with a pound sterling as you did before," says Mr Gibbons. Elsewhere, the highly indus-

trialised upper mid-west is havproducts and hence on the fortunes of the construction and But unlike the last recession

We see some of the greatest strength in the north-east and the mid-atlantic states because white collar workers, and fears they are not predominantly heavy industry states." Because these states are focused around

housing had not slowed down as other two sectors which traditionally start moving in any economic upturn-housing and capital goods—are unlikely to bounce back.

> Unless interest rates come down and unless prices of new houses stabilise, Mr Gibbons sees little recovery in housing. "The average new house costs \$83,000 in the U.S. There are not that many people who can afford this."

> Prospects for capital goods are equally glum. "The country's industrial capacity is currently slightly over 70 per.cent. You'll have to travel a long distance before you get to the point when people start adding to that capacity, especially at current

In past recessions, says Mr Gibbons, business has been able it makes sense."

WHILE economists are finally stop buying," says Mr Gibbons, light industry, including high to reliquely itself quickly rates. "I don't see the same Mr Gibbons feels that Presi- conditions today. If the cost of dent Reagan's tax cuts have not the recovery, the cost of adding differences between the current been large enough to have any assets, plant, equipment cannot



Woonvorth

smaller taxes, there won't be as many funds available for consumer purchases as in past recoveries," he warns. He claims there are a huge number of people in default on their mortgages and that they will be catching up with their payments when times get better. The recession has also caused reputation for being a thrifty is the smallest in any developed confirm Post and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in any developed confirmation and a state of the smallest in a consumers to be more cautious. country. But this is now chang-ing. It may be for the long term good of the country, but it is not much good for Woolworth."

diamin ... As for Woolworth: "Our is plant problem is that in this kind of period you can do all the right things but nothing shows. That is not to say we should diminish the dedication to do the right things nor do we have the right to get discouraged."

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Mr Gibbons gives the strong impression that while Woolworth is pursuing its recovery strategy focusing more on speciality operations and other new retailing areas, things are pretty much on hold right now in terms of capital spending at least.

"The gospel I preach here is that we haven't burned too much money in the past but we've done poorly with what we have burned. I wouldn't spend another penny to do what was done in the past. My answer (to

German banks launch two DM100m bonds

By Our Euromarkets Correspondent

GERMAN BANKS pressed ahead with their heavy calendar of new foreign issues yesterday launching two bonds of DM 100m each, for Norsk Hydro and for Mexico's electric utility Comision Feder Electricidad (CFE).

Thre was, however, a striking difference in the coupons offered on the two issues reflecting the relative standing of the borrowers in the bond market. Norsk Hydro is paying a coupon of 8½ per cent for its 10-year issue, which has been priced at 99½ by lead managers Deutsche Bank. CFE is paying 11 per cent over seven years for its bonds. The issue price has been left open by lead man-agers WestLB.

Tomorrow another DM 100m

issue is expected for Sweden to be led by Deutsche Bank, bringing the number of new issues announced this week to four. Yesterday the market appeared to be faltering in the wake of such a heavy offering and seasoned bonds fell up to i point in fairly thin trading.

Swiss franc foreign issues were also weaker yesterday following Monday's increase in customer time deposits by leading commercial banks. Electricite de France is raising SwFr 100m through a five-year private placement with a coupon of 6° per cent led by UBS. The dollar bond market mean-

while stayed fairly quiet with prices up fractionally. The scarcity of new issues is allowing the overhang of paper left from before last week's Associa-tion of International Bond Dealers' meeting in Versice. Florida Telephone withdrew its \$65m, 15 per cent bond from the Euromarket in favour of an issue in the cheaper U.S. domestic market.

Elsewhere Ceppel Shipyard of Singapore is floating a \$50m, 10-year convertible bond with an indicated coupon of 63 per cent and conversion premium of about 5 per cent through DBS-Daiwa Securities Interna-

In Japan the European Investment Bank is raising Y15bn through a 10-year issue led by Nikko Securities and Credit Suisse First Boston. It bears an indicated coupon of 81 per

Loss at AM International By Our Financial Staff

A LOSS of \$14m or \$1.36 a share was suffered in the third quarter by AM International, the Chicago-based office equip-ment group which has been operating under Chapter 11 of the Bankruptcy Laws since April 13, when it became the first major casualty of the current recession in the U.S. Because of the Chapter 11 filing, when the company had bank debts totalling \$254m, the period reported covers only 24 months. Revenues totalled

For the nine-month period, a net loss of \$58.5m or \$5.71 has been recorded, on sales of \$433.1m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which sing prices on May 25

will be published next on Wednesday June 16.	Closing prices on May 25
	Chosing prices on may 20
U.S. DOLLAR Change on STRAIGHTS lasued Bid Offer day week Yield	OTHER STRAIGHTS Issued Bid Offer day week Yield
Aetna Life 15 86/97 150 102 1021 +04 +04 14.17	Can. Pac. S. 164-89 CS 50 1994-994-0 0 18.67
Amax Int. Fin. 164, 92 75 1047; 1047; 0 +07; 15.26	Crd. Foncier 174.88 CS 30 1994 1004 0 -04 17.10 Hudson Bay 17 89 CS 40 1995 1004 0 -04 18.98
Amex O/S Fin. 144, 83 75 98 9812 +012 +012 14.65 APS Fin. Co. 1614 89 75 10312 104 +013 +014 15.25	Nacional Fig. 173 87 CS 50 1981, 291, 0 0 18.01
ATT 144 88 400 102% 102% +0% +1 13.60	1 O. HVd. 16 ² , 89 (Mr) CS 50 1993, 100%, 0 413, 16.45
Baker Int. Fin. C.O 92 225 127 28 0 0 14.05 BHP Finance 14% 89 150 98% 99% +0% +0% 14.98	Q Hyd. 16-28 (My) CS 50 1994 399 0 0 16.62 Simpsons 16-289 CS 40 197- 98 0 +0-17.31
Bk. Amer. NT SA 12'87 200 93 9312 +012 +012 13.97	U. Bk. Nwy. 512 90 EUA 18 8912 9014 0 0 11.47
Baue. Indo Suez 15 89 100 98% 99% 0 0 15.27 British Col. Hyd. 14% 89 200 101% 101% +0% +0% 14.41	Amro Bank 10 87 Fr 150 99% 100% +0% +0% 10.03
British Col. Hyd. 144 89 200 1014 1014 + 64 + 65 14.41 Burroughs Int. 154 88 50 1044 1044 0 + 64 14.51	Bk. Mees & H. 10 87 Fl 75 99 99 1 +01 +01 10.16 Eurofino 101 89 Fl 50 101 101 0 0 10.22
Canadair 151, 87 160 1011 1021 0 0 14.88	Phil. Lamps 10% 87 Fl 190 101% 101% — 0% — 0% 9.80
Canadian Pac. 145, 92 75 99 99 995 +01, +01, 14.74 Carolina Power 161, 89 60 1041, 105 +05, +03, 15.26	Rabobank 12 86 Fl 50 1964 1064 0 -07 9.96 World Bank 10 87 Fl 150 99 394 0 +04 10.20
CIBC 16 87 100 1024 1034 +04 0 15,03	OKB 14 86 FFr 400 921 933 +04 +04 16.64
Citicomp O/S 15 84/92 100 100% 100% +0% +0% 14.53	} Salvav et C. 14% 88 FFr 200 92% 93% 0 0 17.40
Citicorp O/S 15½ 85/97 125 101% 101% +0½ +0½ 14.66 CNA 15% 97 75 101% 101% +0½ +0½ 15.60	Acona 14 85 £
Con. Illinois 154, 89 100 1021, 1031, +01, +01, 14.97	BNP 133- 91 £
Duke Pwr. 0/S 15½ 83 60 102¼ 103¼ +0¼ +0½ 14.75 Dupont 0/S Cap. 0.0 90 300 36½ 36½ +0¼ -0¼ 13.91	CECA-13 ¹ , 88 £
ECSC 143 87 50 991 100 0 +01 14.78	1 Gen. Elec. Co. 12 ¹ 2 89 € 50 92 ¹ 2 93 ¹ 2 00 ¹ 2 14.17
EIB 157, 89 150 1014, 1017, +04, 0 15.06	Hiram Walker 144 85 £ 25 974 984 +04 0 15.02
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Gulf Oil 142 94 175 991 100 +01 +01 14.27	
Gulf Oil Fin. 0.0 92 300 284 294 +04 +05 13.51 Gulf States O/S 18 90 60 1014 1014 0 +04 15.63	FLOATING RATE NOTES Spread Bid Offer C.dte C.cpn C.yid
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New Brunswick 164, 89 75 1054 1054 +04, 0 74.89 Onterio Hyd. 16 91 (N) 200 1054 1064 0 +04 14.75	5k. Nova Scotta 5k. 93 0k. 89k. 99k 29/10 15k. 15 20
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l Sheli Conada 14% 92 125 98°z 99 0 0 74.62	Crodit Nat. 5-, 94 10-, 98-, 98-, 9/6, 14.69 14.89 Denmark, Kondm. of 92 03-, 59-, 59-, 25/8 15.44 15.55
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Swed. Erp. Cr. 144 90 100 964 974 +04 15.45 Swed. Exp. Cr. 0.0 94 200 214 224 +04 0 13.65	Kansalles Osake 51, 92 04, 997, 993, 6/11 15.31 16.38
Union Carbide 143 89 150 1003 1013 +01 +01 14.53	Lleyds Eurofin 53, 93 505, 994, 994, 29/10 174, 17.23
Wells Farga I. F. 15 87 75 1011, 102 -01, +01, 14.42 WMC Fin. 151, 88 50 99 991, +01, +01, 15.62	J. P. Morgan 5 ¹ , 97, 50 ¹ 2 98 ¹ 3 99 ¹ 3 12/8 14 ¹ 3 14.77 Nat. West. Fin. 5 ¹ 4 91 50 ¹ 2 99 ¹ 3 99 ¹ 3 15/7 15.19 15.28
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Canon 61, 35 ... 1/81 829 992, 100 -27, 7.82
Darez Sacs. 51, 96 ... 12/81 513.3 162 64 -1 -3.76
Fujitsu Fahec 41, 96 ... 10/81, 5641 931, 957, -11, 9.00
Ferulawa Elec. 51, 96. 7/81 300 891, 100 -31, -5.71
Hanson O/S Fin. 91, 95, 8/81 1.35 189 90 0 -1.71
Hitachi Cable 52, 96 ... 2/82 515 91 321, -05, -0, 1.71
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Hitachi Cable 53, 96 ... 2/82 841 871, 893, -11, -1.69
Incheape 8 95 ... 2/81 4.65 1595 61 0 20.40
Kawasaki 51, 96 ... 7/81 364.4 1041 105 -11, 2.50
Minotto Camera 5 95. 10/81 828.4 631, 642, -11, -13.30
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NKK 61, 96 ... 7/81 188 811, 824, -01, -9.25
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Nippon Electric 54, 97. 2/82 846 94 951, -1 5.37
Orionif Finance 52, 97. 3/82 1205 557, 971, -04, 5.88
Sanya Electric 5 98. 10/81 825. 10/81 286.1 681, 697, -71, 25.20
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Kenishiroku 8 90 DM 2/82 885 1024, 103 --12, 2.51
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* No information available—provious day's price.
† Only one market maker supplied a price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week. Change over price a week surfier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. dis "Date mean rote for U.S." dollars C. com. The current coupon, if yield. Convertible Bonds: Denominated in dollars unless otherwise indicated. City, day. C. com. The current coupon, C. yid "The current yield.

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Daimler to reorganise U.S. truck operations

By Kevin Done in Frankfurt

DAIMLER-BENZ, the West German car and commercial vehicle manufacturer, is to reorganise its U.S. truckmaking operations. The company is centralising its activities under the management of Freightliner, the heavy truck manufacturer which it sequired last year for \$260m from Consolidated Freight-

The acquisition established Daimler-Benz, one of the world's leading heavy truck makers, for the first time in this segment of the U.S.

Freightliner is taking over responsibility for the German group's existing mediumsized truck assembly opera-tion in Hampton, Virginia. The combined operations will have annual sales of around 3700m and a workforce of

operated at a loss last year, sold around 10,000 trucks of 15 tonnes and above in 1981. claiming a market share of

The smaller truck operation at Hampton sold 4,000 trucks in the 7.5-15 tonnes range. The plant is an assembly operation for comshipped Daimler-Benz's Brazilian truck factories.

intends to maintain both the Freightliner and Mercedes-Benz names in the U.S., but will increase the number of dealers handling both product lines. The truck operations will be centralised in Portland at

the Freightliner head-quarters, while Daimlerguariers, while barning-Benz's car sales activities will remain the responsibility of Mercedes-Benz of North America in Montvale, New Jersey. Daimler-Benz increased car

sales in North America last year by 18 per cent to 65,810 units, despite the continuing deep recession in the general U.S. car market. About 78 per of Mercedes-Benz cars were diesel-powered

Profits doubled at Novotel

By David White in Paris

NOVOTEL. the biggest French hotel operator, has announced 1981 consolidated net profits almost double those of 1980 at FFr 66.6m (\$11m) on turnover 23 per cent higher at FFr L76bn.

The 1980 comparison was djusted to include the Sofitel chain which Novotei took over at the end of that year from Jacques Borel International, the catering chain with which it is now in

the process of merging.

The sharp rise in last year's profits was partly accounted for by a long-term capital gain of FFr 20.9m. The group said growth had continued this year, with turnover at its fully-owned and franchised hotels rising at the same rate of 23 per cent over the corresponding period a year ago, to FFr 914m.

This growth was led by its foreign interests, which showed a 30 per cent rise—compared with 17 per cent in France—and made up 45 per cent of the total.

Novotel, which includes the Ibis and Mercure chains, currently has 360 hotels in operation or under construction in 37 countries.

Jacques Borel Inter-national, which ran into trouble with Sofitel in the late 1970s, had earlier announced net profits of FFr 33.4m for 1981, on turnover of FFr 2.5bn.

Financial Year 1981

Total group seeks to stay out of chemicals shake-up

BY TERRY DODSWORTH IN PARIS

ONE OF France's two big oil groups, Compagnie Francaise des Petroles (CFP), which operates under the Total title, has told the Government that it wants no part in the planned reorganisation of the chemicals industry announced two weeks

Commenting on the scheme, M Granier de Lilliac, chairman of CFP, said that "simple equity" demanded that the company should be allowed to sever its links with its petrochemical activities. It argues that its proposed role as a minority shareholder in the big new chemicals organisation being created by the authorities would be too risky.

Under the government plan, CFP would have seen its 50 per cent participation in two groups, Ato-Chimie and Chloe, substantially reduced.

Although no figures have been put on the project, the idea was to hand over control to Elf-Aquitaine, the other big French oil group. Elf already has a 50 per cent shareholding in Ato and Chloe, but has been selected by the Government to play a much stronger role in the chemicals

CFP, is clearly worried by the prospect of having to take a subordinate role to Elf in the planned new group. M de Lilliac emphasised that it was a sund principle of humans sound principle of business management to have control of important assets at a time of reorganisation. In addition, the restructuring

of the company around Elf could involve heavy expenditure by the shareholders. Part of the government plan is to merge the loss-making chemicals interests Pechiney-Ugine-Kuhlmann into Ato and Chice.

reorganisation, M Lilliac has asked the Government to arrange some method of buying out its shareholdings in Ato-Chimie. Since the company had been affected by government decisions in the petro-chemicals sector, he said, it was only fair that it should be able to sell its assets for investment in other parts of the

group. The Government response to this plea remains to be seen Traditionally, the two big French oil companies are extremely sensitive to the Government's wishes, partly because of the authorities' control over the oil products market, and partly because of direct state participation in their

At CFP, 40 per cent of the the Government.

Hamilton Brothers in Volvo talks

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

day that Hamilton Brothers is into the oil business. Volvo among the oil companies with Energy owns 15 per cent of two which it has been discussing future co-operation. It declined to comment on a press report that it was negotiating the pur-chase of a stake in the U.S.

In the prospectus for its SKr 600m (\$105m) rights issue published in May, Volvo announced that it was seeking "an existing oil company with good oil and gas reserves" for takeover by its subsidiary, Volvo

Formed in 1980 with a capital of SKr 50m, Volvo Energy is seen as the vehicle for the

VOLVO acknowledged yester- Swedish group's diversification a pre-tax loss of SKr 160m. concessions in the UK sector of the North Sea, where no wells have yet been drilled, and minor shares in two concessions on the Norwegian shelf. It owns slightly more than 20 per cent of International Energy Devel-opment Corporation (IEDC), in which it is partnered by the Ruwait Petroleum Corporation. Volvo Energy has suffered a substantial loss on a Norwegian company which built modules

for offshore platforms in which

pertner. Last year, its first full

year of operation, Volvo Energy

invested SKr 315m and reported

invested with a Norwegian

In the first half of 1981 it bought Fred Olsen, which oilfields and concessions in the U.S. The Volvo management has recognised the need to buy a share of a substantial and profitable oil company in order to provide its subsidiary with

appropriate" cash flow. By taking over the Beijerinvest Group last year Volvo also acquired Scandinavian Trading Company, a profitable oil trading concern with a 1981 turnover of SKr 19bn. Scandinavian Trading has bought shares in Texan Oil and Gas and has invested in three off

Interest costs hit Atlas Copco

BY OUR NORDIC EDITOR, IN STOCKHOLM

PRE-TAX profit of Atlas Copco, the Swedish compressed air and hydraulic machinery group, declined by SKr 7m to SKr 155m (\$27m) in the first quarter despite a 17 per cent increase in sales to SKr 1.88bn (\$327m).

Trading profit climbed by SKr 19m to SKr 277m, but de-preciation charges were SKr 7m higher and net interest costs grew from SKr 74m in the first three months of 1981 to SKr 90m. The profit margin was 8.3 per cent against 10 per cent last

return on capital bearing current liabilities) was first quarter.

20.2 per cent in the 12 months to the end of March compared with managing director, notes indi-1981. Profit per share for the 12 output in some west European months was SKr 16.10 against SKr 16.20 for 1981.

During the quarter, sluggish demand for mining and con-struction equipment in such countries as Australia, Canada, Mexico and Peru was compenkets, including Norway, Britain,

19.8 per centin the full year cations of greater industrial markets, but comments that economic recovery is late in coming.

Atlas Copco's strong market position offers prospects for 1982, but exchange rates consated by an upturn in a large tinue to be a factor of uncer-number of West European mar-tainty, Mr Wachtmeister adds. No profit forecast is given West Germany, Italy and Spain. for the rest of the current year. Group order bookings totalled Last year Atlas Copco turned in The return on capital em- SKr 2.1bn, an increase of 16 per earnings of SKr 570m, an ployed (excluding non-interest cent over the previous year's advance of SKr 128m, on turnover of SKr 7.5bn.

Net earnings at Banesto register strong advance

BANESTO. Spain's largest com- this is due to Banesto's extensive mercial bank, has announced a 41 per cent increase in net profits to Pta 15.4bn (\$154m) for 1981. Sr Jose Maria Aguirre, the bank's 84 year old chief executive, told shareholders at the annual meeting that the results were "magnificent."

The bank is maintaining its cautious approach and is holding the dividend to Pta 6bn and setting aside Pta 6bn for reserves. Reserves now stand at Pta 61bn and total assets at Pta 88bn.

The strong performance is attributed to the low cost of the bank's liabilities at a time of high interest rates. The cost of Banesto's deposits is 0.7 per cent less than that of the other big coming from portfolio adjustseven banks. In good measure

presence in rural areas. It also has a smaller percentage of current accounts and a greater percentage of savings accounts than the other blg seven banks. Deposits at the year-end totalled Pta 1,183bn.

Another notable feature in

the results is a change in provisions for doubtful debts and loan losses. In 1980 these jumped from Pta 8.4bn to Pta 16.8bn largely as a result of the takeover of Banco de Madrid and coping with the industrial offshoot Cadesbank. In 1981 provisions in this respect dropped to Pta 14bn and overall provisions for write-offs rose only slightly from Pta 21.6bn to Pta 22.4bn, an increase mainly

DG Bank shows rapid recovery

By Our Financial Staff

DG BANK, the major West German co-operative bank, increased earnings by 40 per cent in the first four months of 1982. Herr Helmut Guthardt, managing board chairman, said the performance this year suggests that the omission of the 1981 dividend was a one-time occurrence.

The DG Bank chief said that the downtrend in interest rates this year had boosted earnings. The bank's interest spread, a key indicator of profitability, expanded to 0.58 per cent in the four months from 0.42 per cent on average in 1981 and 0.36

per cent in 1980.
For 1981, DG Bank posted net group profit of DM 52.5m (\$23m), down from DM 69.4m in 1980.

INTERNATIONAL APPOINTMENTS

SOCIETE GENERALE BELGIQUE

The General Shareholders' Meeting approved the payment of a net dividend of 90 Belgian france against presentation of coupon No.11.
Following a review of the annual accounts, and the effects on the Société Générale de Belgique both of the activities of Sybetra in iraq as well as the change in the company's size, the Governor, Mr.R. Lamy, announced that for 1982 income from investment holdings would be substantially higher as a result of being able to take in the

would be substantially inglies at a few services and the solution of Tanks.

The additional borrowing which the company had to contract to finance its take-over bid of Tanks would, however, have an impact on the level of interest charges. "We are determined to provide the Société Générale with the room for manoeuvre it requires both to carry on its own activities and to provide support for the companies in the Group, the Governor stated in his address to the meeting.

The Directors' report refers to the various restructuring operations carried out between the Société Générale and the ancienne

These operations had two objectives: to give the Group's non-ferrous metals sector a more appropriate structure and to strengthen the company's financial position by enlarging its size and increasing its equity base. The report also outlines the future policy and course of action to be pursued by the Societé Générale within the framework of the Group as a whole.

After analysing the economic context, with particular reference to the American economy, economic policy in Europe and Belgium in 1981, and the measures adopted in Belgium since the beginning of 1982, the annual report cortinues with a review of the situation of the various companies which form the Société Générale Group.

The Société Générale de Banque, for example, is expanding its

international activities. Sofina is investing risk capital, through the British company "Advent Technology" in new advanced technology ventures. Tractional has intensified its efforts in promoting Belgian engineering

This report is now available from Société Générale de Belgique. Information Department, 30, Rue Royale, B -1000 Brussels (Belgium) Tel: (2) 513.38.80, extension 276, as well as from Banque Belge Limited; 4 Bishopsgate, London EC2N 4AD, Tel: (01) 283 1080.

Senior posts at Getty Oil

• GETTY OIL COMPANY has elected Mr Jim E. Shamas a corporate vice-president and Mr R. D. Copley Jr general counsel. Mr Shamas becomes vice-president, pipelines and terminals, a new position. He also remains president and chief executive officer of Western Crude Oil, Inc., a wholly-owned subsidiary based in Demver. Colorado. Mr Copley who was vice-president, thief counsel and vice-president, chief counsel and secretary, becomes vice-presi-dent, general counsel and secre-tary. Mr Copley succeeds the late Mr C. Lansing Hays, Jr. as

general counsel.

GENERAL SIGNAL CORP
has elected Mr Raiph E. Bailey to its board. He is chairman of Conoco Inc. and a vice chairman of the Du Pont Company, of which Conoco is a subsidiary.

Mr Balley is also a director of
J. P. Morgan and Company, Inc,
and its subsidiary, Morgan
Guaranty Trust Company of New

Mr James F. McCloud and USA INC. Mr Richard N. Gary have been elected directors of KAISER STEEL CORPORATION. Mr McCloud is president and chief operating officer of Kaiser Engineers Inc, a wholly-owned subsidiary of Raymond International Inc. Mr Gary is execu-tive vice president of Kaiser Steel. Mr Robert J. Brignano, has been elected vice president, planning, and controller of Kaiser Steel Corp. effective immediately. He has been corporate con-

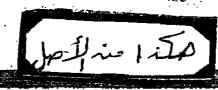
troller since 1980.

• WHITNEY COMMUNICA-TIONS CORP has elected Mr Walter N. Thayer chairman and WHITNEY COMMUNICAwater N. Trayer chairman and chief executive officer and Mr Charles H. G. Rees president and chief operating officer. Mr Thayer succeeds the late Mr John Hay Whitney. Mr Thayer has been president and a director of Mr Thayer Communications. Communications. Whitney Communications Corp. since 1958. Mr Rees a general partner of Whitcom Investment Company, is currently senior vice president, secretary and a director of Whitney Com-munications Corporation.

Mr Richard G. Rogers has been elected president and chief operating officer and Mr Haus A. Wolf has been elected chief administrative officer of SYNTEX CORP. Mr Rogers, Mr Wolf and Dr John H. Fried, senior vice president of Syntex Corp and president of Syntex research division, have also been elected to the board.

. Mr William B. Sayre, head of the agricultural property management division of the Continental Illinois Bank, has become a vice-president of ANGLO AMERICAN AGRICULTURE

6 Mr Ray J. Savage has been appointed vice-president and manager of the newly-opened Montreal office of National West-minster Bank's wholly-owned subsidiary, NATIONAL WEST MINSTER BANK OF CANADA. Previously he worked for the NatWest Group in London and Brussels and immediately prior to taking up his new duties spent three years in Paris. The Montreal office supplements the existing representation of Calgary, Toronto and Vancouver.



This announcement appears as a matter of record only --- April 1982



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> B.A.I.I. (Middle East) E.C. Banco Arabe Español S.A. 'Aresbank'

FRAB Bank International Union de Banques Arabes et Françaises (Singapore)

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The National Bank of Kuwait S.A.K. Alahli Bank of Kuwait K.S.C. Al Bahrain Arab African Bank (E.C.)

B.A.I.I. (Middle East) E.C. Banco Arabe Español S.A.

FRAB Bank International Union de Banques Arabes et Françaises (Singapore) First National Bank of Minneapolis Kuwaiti-French Bank The Toyo Trust and Banking Company Limited

Agent

The National Bank of Kuwait S.A.K.



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The Notes, to be issued at 22.25 per cent. of the principal amount thereof, have been admitted to the Official List by the Council of The Stock Exchange subject only to the issue of the temporary Global Note.

Full particulars of the Notes, the Issuer, the Guarantor and Philip Morris Incorporated are available in the Extel Statistical Service and may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including June 9, 1982 from the broker to the issue:

May 26, 1982

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN



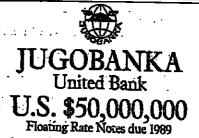
Bank of Baroda

U.S. \$30,000,000 Floating Rate Notes due 1989 In accordance with the provisions of the above Notes, notice is hereby given that for the six months from 27th May, 1982 to 29th November, 1982 the Notes will carry an interest rate of 142%

The interest payable on each U.S.\$5,000 Note on the relevant interest payment date, 29th November, 1982, against Coupon. No1 will be U.S.\$381.04.

Agent Bank:

Lloyds Bank International



For the six months to 29th November, 1982 the Notes will carry an interest rate of 1536% per annum.

Coupon values will be: \$1,000 Notes \$79-44 \$10,000 Notes \$794-38 Barclays Bank International Limited, London

Agent Bank -

Mitsubishi Electric cuts dividend after profits dip

BY OUR FINANCIAL STAFF

MTTSUBISHT ELECTRIC. Japan's third largest integrated maker of electrical equipment, has reported a dip in unconsoli-

cent to Y47.7bn. Sales grew among the more strongly by 7.7 per cent products. to Y1.315bn (\$5.5bn). The be

and pre-tax profits was attri- ties which, for example, are buted to the stagnant domestic building a number of nuclear economy which discouraged power plants.

consumer spending. Total sales had grown almost twice as fast

as a year earlier.
Sales of electric motors and dated act profits for the year other automotive related proended March, mainly because ducts grew by only 1 per cent.
of a higher tax rate.
Consumer electrical product of a higher tax rate. Consumer electrical product
Net profits were down 4.3 per
cent to Y22.2bn (\$93m) while with video tape recorders and pre-tax profits rose by 1.4 per video screen systems being better selling

The best performance came Reflecting the profits per-formance, the company has cut grew 13 per cent, mainly its dividend to Y6 a share from because of strong demand from Y7. Earnings per share fell to steel makers who are investing Y14.14 from Y15.42. 14.14 from Y15.42. in plant to make seamless pipes.
The sluggish growth of sales and from electric power utili-

Despite the recession in major industrial countries. Mitsubishi's exports rose by 2 per cent to account for 21.9 per cent of total sales.

Export of such heavy machinery as transformers and electrical equipment for railway rolling stock to southeast Asia, the Middle East and Central and South America were strong and offset weak exports to Europe and the U.S.

Mitsubishi is not expecting much of a pick up this year in the general economy or in personal spending. But it expects demand for computers and semiconductors to help push up sales to Y1,430bn. Net profits however, are forecast to be about the same at Y22.5bn.

Doubled VTR sales boost Sharp

BY RICHARD C. HANSON IN TOKYO

SHARP CORPORATION, one of Japan's leading electronic were among the best selling appliance and business machine products for most of the year. manufacturers, has reported record profits and sales for the year ended March 31. Net per cent, were sales of personal profits jumped by 25.1 per cent and pocket computers, an area to Y20.38bn (\$86m) and sales in which Sharp claims to rank rose 15.7 per cent to Y580.1bn among the top in Japan. (\$2.45bn).

The dividend total for the year has been raised from Y7.5 to Y8.25 reflecting the healthy performance.

Despite generally poor consumer demand in Japan, Sharp lifted sales of electronic appliances by 25.6 per cent to account for nearly 30 per cent of the total against 26 per cent

Video tape recorders (VTRs) and sales more than doubled in value. Also up smartly, by 122

The company is one of the few stereo equipment producers in Japan to have avoided the full force of an industry-wide ession. It's new audio systems helped boost stereo sales by 73

for the electronics specialist was the rather humble portable oil research centre.

stove. Strong overseas demand lifted sales by 152 per cent to

Exports overall outpaced the growth of domestic sales, rising by 17.8 per cent in value to account for 57.2 per cent, up one point more than a year earlier.

Sharp is forecasting sales and profits growth of 10 per cent and 20 per cent respectively this year. The company plans to spend about Y50bn in the year, compared with Y46bn in 1981-1982, on expanding plant and equipment. Along with increased capacity for VTR production, additions will be made to increase semiconductor, pro-Paradoxically, the product duction additions will be made with the fastest growth in sales to increase semiconductor production and a technology

Setback for Seiko watch group

BY OUR TOKYO CORRESPONDENT

K. HATTORI and Company, the core of the Seiko watch group, second section of the Tokyo suffered a 29.1 per cent drop in net profit, to Y2.4bn (\$10m) in the year to March as a result of the Y730m, for the year on profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on slipped by 2.5 per cent drop in net profit to Y730m, for the year on the prolonged world-wide recessales down by 12 per cent to sion gripping the watch Y48.96bn.

Sales rose by only 0.4 per cent o Y364.8bn (S1.54bn) as domestic demand remained deep in the economy in general. The in the doldrums. Exports company, now the largest watch picked up by 9.2 per cent, to account for 49.7 per cent of sales blame for the industry's markets, however, fell sharply tion and price cutting.

Slowdown

expected by

Orient Watch, listed on the emergence of competitors in

Hattori sees no relief from the current recession in the industry, except for a recovery

quarters of Hattori's business. slipped by 2.5 per cent to Y276bn. The only division to show substantial growth was speciality machines. machines still account for only 4.3 per cent of all sales, but have risen in value by 36 per

The company says there are compared with 45.6 per cent in dilemma as much on excessive no quick solutions to the indus-1980-81. Demand from overseas competition among watchmakers try's troubles. Production at in Japan as on the poor state of Hattori's three main Japanese in the latter part of the year the economy. It believes that production subsidiaries is not under the weight of over-production domestic competition has been being cut, but neither is it even more of a culprit than the expected to expand.

earnings growth at Oki

Lion Match By Thomas Sparks in Johannesburg

LION MATCH, the consumer products group ultimately controlled by Allegheny International of the U.S., has maintained its trading momentum in the six months ended March. First-half operating profit

before tax, interest, and Lifo (last in first out) accounting adjustments increased to R6.23m (\$5.8m) from R5.07m on turnover of R34.1m against R29.2m. For the year ended September 1981, operating profit was R11.36m on sales of R63m.

The financial year-end is being changed to November 30 to coincide with that of Match's immediate controlling company, Wilkinson Sword of the UK. The directors believe a downturn in the business cycle will have a greater impact on operain the current eight months.

Distributable profits for the current 14-month accounting period are expected to be in line with those of last year.

An improved interim dividend of 19 cents a share has been declared from first half earnings of 39.05 cents a share. Last year the interim dividend was 18 cents and first-half earnings 36.16 cents a share.

Depreciation costs limit

ported a slowdown in growth of pre-tax profits in the year ended March 31 because of increased depreciation charges. This resulted from sharply higher capital expenditure by the integrated circuit division.

Pre-tax profits rose only 2.7 per cent to Y7.7bn (\$32.5m) despite a 15.1 per cent increase in turnover to Y214.17bn (\$904m). Net profit fell 13.3 per cent to Y3.39bn because of a subsidiary's losses. Profits per share were Y9.60, compared with Y11.15.

Sales of telecommunication systems advanced 12 per cent to account for 33 per cent of the total, supported by good turnover of facsimile equip-

Data processing system sales rose 16 per cent to account for 51 per cent of the total, following brisk demand for financial terminals and active overseas demand for printers.

Sales of electronics devices. favourable overseas sales of Y254bn, office automation equipment 1981-82.

OKI ELECTRIC, Japan's third such as facsimile machines and largest manufacturer of comprinters. overall exports munication equipment, has readvanced 64 per cent to account for 17 per cent of the total.

> For several years, the company has maintained a high level of capital investment in its integrated circuit division. Oki numped in Y22.9bn in 1980-81, and Y24.6bn in 1981-82. and is planning with Y18.5bn for 1982-83. The company's new Miyazaki plant for manufacturing several large scale integration products, including 64K dynamic RAMs, began full operation last August.

> Depreciation charges in 1981-82 totalled Y12bn up by 45 per cent over the previous year. Continued brisk sales of office automation equipment are ex-pected in the current year, and a contribution to earnings from production of ICs at the Miyazaki plant is also expected.

> However, depreciation charges of approximately Y16bn resulting from the continued high level of capital investment are expected to limit earnings

Pre-tax profits are projected centering on integrated circuits at Y8bn, up 4 per cent and net (ICs) rose 21 per cent to account for 14 per cent of the total. With favourable overseas sales of Y354bn, up 19 per cent on

Mini-car demand lifts Fuji Heavy **Industries**

By Yoko Shibata in Tokyo

FUJI HEAVY Industries, the manufacturer of Subaru cars, has reported buoyant unconsolidated pre-tax profits for the year ended March 31 1982, thanks to better than expected sales of mini-cars in the domestic market and an improvement in export profitability helped by the yen's depreciation against the U.S.

re-tax profits jumped by 63.4 per cent to a record Y29.3bn (\$124m). Due to a sharp rise in corporate tax, however, net profits rose by only 7.7 per cent to Y12.2bn on record sales of Y533.76bn (\$2.25bn) up by 14.8 per cent from the previous year. Profits per share advanced to Y40.61 from Y37.93 and the dividend is raised to Y7 a share from Y6.

Car sales rose by 11 per cent to 490,230 units, yielding an 18 per cent growth in value terms to represent 82 per cent of total turnover. Domestic car sales increased by 29 per cent to 249,479 units thanks the successful marketing of 550 cc mini-cars, mini-stationwagons, and mini-vans. In particular, production of a remodelled front-wheel drive mini-stationwagon, the FF REX Combi which was introduced last September, could not meet demand.

Export sales of cars declined by 3 per cent to 240,468 units, but overall exports rose by 15 per cent in value to Y244.9bn. or 46 per cent of the total.

Sales of rolling stock again accounted for 7 per cent of the total while sales of buses rose by 7 per cent to account for 5.1 per cent. Aircraft division sales, representing 3.1 per cent of the total increased by only 1 per cent and machinery division sales dropped by 6 per cent to account for 3.4 per cent. The upsurge in earnings is attri-

buted to the favourable effects of volume production of minicars and the yen's deprecia-tion against the U.S. dollar. These factors more than offset the negative effects of the small dip in car export volume. Net profits are expected to

reach Y13bn, up 7 per cent, in the current year, and sales are projected at Y570bn, also up 7 per cent.

Singapore Land well ahead midway

By Georgie Lee in Singapore SINGAPORE LAND, a major

local property group, has re-ported a rise of 83 per cent in pre-tax earnings to \$\$5.65m (US\$2.7m) for the half-year ended February.

The impetus for the marked improvement was the 66.8 per cent rise in net rental income to S\$7.77m as a result of rent renewals at substantially higher rates.

Management fees increased 22 per cent to S\$1.86m while interest received dropped 24 per cent as funds were increasingly used to finance development projects.

Management and administrative expenses rose 30 per cent to S\$2.7m because of higher wages and increased staffing requirements. Interest expenses were marginally lower S\$2.22m due to lower

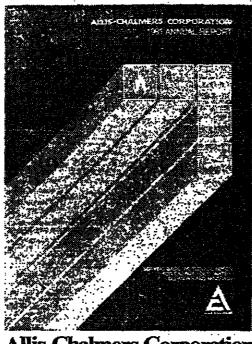
interest rates, Singapore Land said that Shing Rwan House and Clifford Centre are both fully let and leases continue to be renewed at current market rents as

they fall due.

However, some of its tenants in
the two buildings will be
moving to another of its prestigeous buildings, Raffles Tower which is now substantially completed and some loss of rental income in the second half of the year can be expected until the vacated space is let.

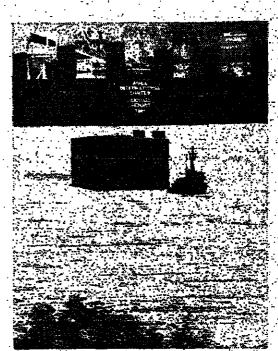
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Part 1 was featured Tuesday, May 25.



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AMCA International

During the past decade this diversified international company enjoyed compound annual growth of 23% in sales (\$1.6 billion in 1981) and 31% in operating income (\$69 million). Dividends essentially kept pace. AMCA is engaged principally in the manufacture and worldwide marketing of heavy industrial and construction steelbased products, and engineering and construction services. Formed 100 years ago as Dominion Bridge, AMCA is traded on Toronto and Montreal exchanges. Listing: AMCA Int.

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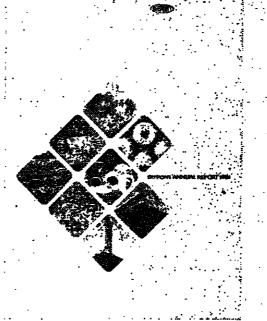
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Du Pont Company

1981 was highlighted by the merger with Conoco Inc., major steps in the biological sciences, and significant improvement in financial performance. The merger established Du Pont as an important factor in energy and natural resources. This diversification should moderate carnings eveles associated with hydrocarbon-dependent businesses, facilitate long-term plans for growth, and enhance Du Pont's worldwide competitive position.



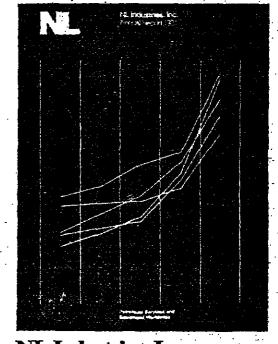
EDO Corporation

EDO produces electronic and specialized equipment for military, general aviation, marine and industrial markets. Principal products: sonar equipment, mine countermeasure systems, and aircraft stores ejection mechanisms; flight instruments and control systems for general aviation: piezoelectric ceramic components, acoustic and video scanning systems; and liber-reinforced composite components for aircraft. World-wide markets. 51)2-million sales produced \$3.3million net earnings in 1981. EPS: \$1.26 DIV: 5.38 plus 10% Stock Dividend (ASE)



NICOR Inc.

NICOR engages in exploration and development of oil and gas properties: contract drilling for oil and gas operators; barging of petroleum and chemical products: operation of offshore service vessels; marine and diesel equipment repairs; development and mining of coal and other mineral reserves; gas distribution; and other energy-related activities. Net income rose 22% to \$123.3 million on revenues of \$2.1 billion in 1981. Earnings per share were 55.51. Effective May 1, 1982, the annual dividend increased to 53.00 per share...the 23rd increase in 24 years, NYSE: GAS



NL Industries, Inc.

NL Industries, Inc., is a leading worldwide supplier of premium petroleum services and equipment. In 1981, profits nearly doubled to a record \$310 million, on sales of \$2.5 billion.-

NL expects continued sales and carnings growth above the industry rate because it is strategically positioned to provide the premium products and services required for deep drilling operations which are increasingly important to its customers.

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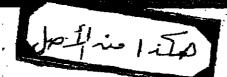
Private Placement

Kredietbank S.A. Luxembourgeoise

Banque de Paris et des Pays-Bas pour le Grand-Duché de Luxembourg S.A.

April 1982





North American Companies Investors Update





Amdahl Corporation

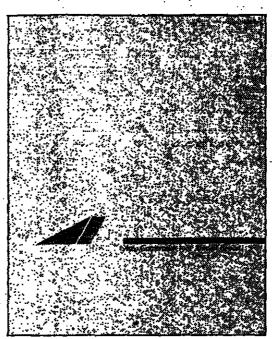
Amdahl is a high technology company engaged in the state of the art design, development, manufacture and marketing of large mainframe computers, software and communications systems equip ment. These products are used by large computer users in the full spectrum of commercial and scientific data processing environments. In seven year's Amdahl's revenues have grown from 5.0 to \$443 million. Shareholders equity is \$256 million and stock market value is estimated at \$600 million.



American Brands, Inc.

American Brands' product lines include tobacco, office products and supplies, hardware, food, distilled beverages, and life insurance. A leading subsidiary is Gallaher Limited. 1981 sales totaled \$6.54 billion and net income was a record \$386 million, or \$6.68 per

Over the past five years, earnings per share have grown at a compound annual rate of 18% and dividends at 20%. The return on non stockholders' equity in 1981 was 20%.



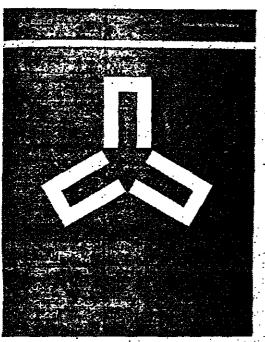
Avco Corporation

Avco Corporation (NYSE: AV) is a diversified international company with major interests in financial services, aerospace, defense and high technology. At year-end Avco reported \$2.3 billion in revenues, more than \$6 billion in assets and a \$2.2 billion backlog. During the next five years, the greatest opportunities for growth will be in its manufacturing operations, primarily its aerospace and defense-related activities due to involvement in such major programs as the M1 main battle tank, the C-5 military transport, MX missile



Chesebrough-Pond's Inc.

Chesebrough-Pond's achieved its 26th consecutive year of consistent profitable growth in 1981. Net income increased 14.5% to \$114.8 million. Sales rose 10.8% to \$1.53 billion. Well-known brand names for this diversified world wide marketer of consumer products for the family include: Ragu, Health-tex, Bass, Pond's, Adolph's, Vaseline, Cutex, Intensive Care, Cachet, Wind Song, Aviance, Chimere, Prince Matchabelli, Q-tips, Aziza, Rave, Pegry Sago, Vasenol, Louis Philippe and Patrich's.



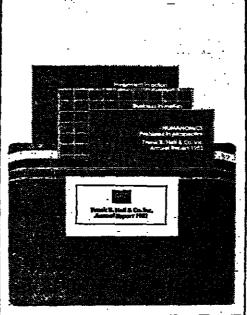
EG&G, Inc.

EG&G, a diversified technology company, concluded its twelfth consecutive year of record performance in 1981. Sales increased 14% to \$704 million, while net income increased 27% to \$34 million. Operations are divided into five segments: Instruments; Components; Environmental and Biomedical Services; Custom Services and Systems; and Department of Energy Technical Support. Dividends have been paid for seventeen consecutive years, and EG&G has split its stock 2-for-1 twice in the last three years.



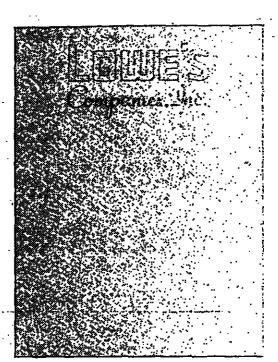
First Interstate Bancorp

First Interstate Bancorp, the 8th largest U.S. banking company with assets of \$37 billion, is the country's second largest retail banking organization. Operating earnings totalled \$246.5 million for 1981. marking the 6th consecutive year of record earnings, and ranking First Interstate first in return on assets and second in return on equity among the nation's 15 largest bank holding companies. Earnings have grown at an annual compound rate of 21.5% over the past 5 years. At \$1.99 a share paid in 1981, First Interstate's dividends were up 11.2% over 1980, the 5th increase in 42 months. First Interstate's electronic network links 6,000 teller terminals and more than 600 Day and Night automated teller machines in 901 banking



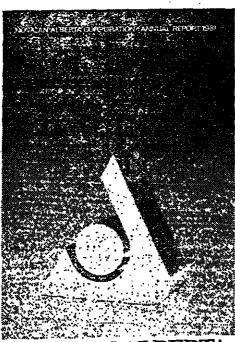
Frank B. Hall & Co. Inc.

A leading international insurance services firm, Frank B. Hall revenues in 1981 increased 13% to \$353,470,000, net income rose 6.5% to \$30,467,000, per share earnings increased 1.5% to \$2.65. Revenues have more than doubled during the last 5 years. Since 1975 dividends have increased at a compound annual rate of 22%. Currently the Company pays \$1.70 annual dividend. NYSE symbol FBH. The Hall Report comes in a special container which converts to a convenient personal recordkeeping file.



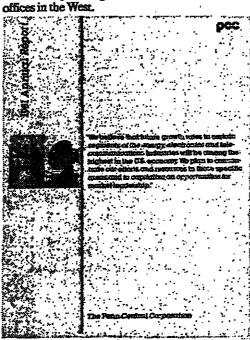
Lowe's Companies, Inc.

Lowe's 1981 reports on a difficult, challenging and profitable year and looks back on 20 dynamic years as a public company. Particular emphasis, however, is on the next 20 years with some attempts to divine the dimensions of the future. Lowe's shares are listed on the New York, Pacific and London Stock Exchanges. Ticker Symbol: LOW.



NOVA, AN ALBERTA CORPORATION

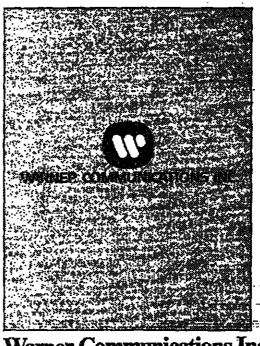
NOVA, AN ALBERTA CORPORATION is a major, independent Canadian-owned company active in natural gas transmission, resource development, petrochemicals and manufacturing. Interests include participation in the Alaska Highway and Trans Quebec and Maritimes pipelines, expansion of Alberta's world-scale petrochemicals industry and majority ownership in Husky Oil Ltd. Assets currently total over \$5 billion, and revenues for 1981 were \$2.7 billion.



The Penn Central Corporation

Penn Central has achieved rapid growth since its reorganization in October 1978. Through acquisitions, PC has secured market leadership positions in industries that are expected to yield substantial growth for the 1980's: energy equipment and services; and electronics and telecommunications. (NYSE:PC)

		-		
	1981	1980	1979	1978*
Revenues (millions)	\$3,348.8	52,013.7	51,087.3	5667.1
Net Income per Share	54.18	\$1.81	S1.61	\$1.53
Book Value per Share	\$40.95	533.81	S14.10	\$11.11
*Proforma				·



Warner Communications Inc.

Warner Communications Inc. (WCI) is among the worldwide leaders in consumer electronics, led by Atari; recorded music, through the Warner Bros., Elektra/Asylum, and Atlantic record labels; filmed entertainment, through Warner Bros.; and direct response marketing, through Franklin Mint. WCI also has operations in cable television, through 50%-owned Warner Amex; publishing, cosmetics and fragrances; and soccet. Over the past ten years, earnings per share have grown at a 24% compound annual rate. 1981 revenues increased 56%, net income 65% and earnings per share 50% over 1980; WCI's indicated dividend for 1982 will be 47% higher than 1981.



Western Union Corporation

Western Union, the leading carrier of record message and data traffic in the U.S., provides a broad range of referentmenications services to business, government and the public. Revenues for 1981: \$906.7 million; Income: 559 million.

The Company's extensive communications network includes a transcontinental microwave system and Wester* satellites. To continue its satellite preeminence, WU is faunching two new satellites in 1982. International Telex service is scheduled to begin later

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Please send me	the following Annual Reports:

- ☐ 14 AMCA International 15 Amdahl Corporation
- ☐ 16 American Brands, Inc.
- ☐ 17 Avco Corporation
- ☐ 18 Chesebrough-Pond's Inc. ☐ 19 Du Pont Company
- ☐ 20 EDO Corporation
- ☐ 13 Allis-Chalmers Corporation ☐ 21 EG&G, Inc.
 - ☐ 22 First Interstate Bancorp ☐ 23 Frank B. Hall & Co. Inc.
 - ☐ 24 Lowe's Companies, Inc. ☐ 25 NICOR Inc.
 - ☐ 26 NL Industries, Inc.
 - □27 NOVA, AN ALBERTA CORPORATION
- ☐ 28 The Penn Central Corporation ☐ 29 Warner Communications Inc.
- ☐ 30 Western Union Corporation
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 - □ 02 AMETEK, □ 03 American Medical
 - International

 - ☐ 04 AMP Incorporated
 - □ 05 Crum and Forster □ 06 CSX Corporation
- - □ 01 American International □ 07 Hospital Corporation of America □ 08 InterNorth, Inc.
 - ☐ 09 Loral Corporation ☐ 10 Northwest Energy Company ☐ 11 Pay Less Drug Stores
 - Northwest, Inc. ☐ 12 United Energy Resources, Inc.

Please return coupon by August 2, 1983 To: Michael Prideaux On Laurance Allen

Annual Control of Section (1997) and the section of the section of

Financial Times Bracken House, Cannon London EC4P 4BY

Position

Transid Times 75 Rockefeller Plaza New York, NY 16019

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		ar ago (Approx,	FRANCE CAC General (5)	//i2/61; 108,5 109,5	5 103,3 (6)	111,6 (12/5)	25,5 (4)1)
6	.52 6,43 6 ,58	5.81	Ind Tendance	(\$1:12:51) 119.5 : 121.1	1 , 122,4 · (c)	124,8 (12:5)	97,7 (411)
ANDARD AND POORS : May : May	May May May	5) nce Cmpil't'n	FAZ-Aktion (51/1 Commercbank()	12/581 223,64 228, Doc (353) 788,5 686,4	28 228,42 (c) 6 537,4 (c)	279,45 (514) 723,5 (5.4)	219,65 (16/1) 665,7 (16/1)
24 21 20	19 18 17 High Low 28 17 123 27 58 58 157 28 118 41	169.95 5.52	HOLLAND ANP-CSS Gener ANP-CSS Indust	a) (1979) 53,5 55,1 (1970) 72,8 72,5	75,0 (c)	35,0 (10/5) 74,6 (19/5)	24,0 (6:1) 63,2 (4·):
	(4/1) (8/5) 14.85 115.84 116.71 122.74 107.34	(26/11,60,(68/5/52)	HONG KONG	(61/7/64 1563.62 1663.1			
. div. yield & May	19 May 12 May 5 Yes	ar ago lapprox	ITALY	al.(1972) : 173.25: 171.0			
5.7 P/E Rat/o 7.7	;;;	10.81	IAPAN**	6.5/43) 7428,4017468,5			6592,53 (17/5)
ng Gov. Bord yield : 12,		13,22	Tokyo New SE (532.64 535.0	17; 687,26, 559,05	583.23 (27.1)	5292,55 (1775) 520,70 (1775)
YY. S.E. ALL COMMON	a 	day 21 May 20	OSIO SE (1/1/72) SINGAPORE	124.65 124.4	5 125.75 (c)	138,39 (28/1)	105, 12 (1;4)
May May May High	Low Rises	,854 1,871 714 459 689 957	STRAITS TIMES (II	<u> </u>	5 766.65 772.51	810,76 (F-1)	647,19 (9)3)
17 66,26 66.09 66,32, 71,20 (4/1)	62,52 Unchanged 487	451 , 455 12 : 12 47 60	Gold (1555) Industrial (1556)	(u) 418,5 (u) : 653.0	570,4 ; (u) 424-3 (u)	, 863.3 (5·7) 711.7 (8:1)	410,4 (111%) 568,0 (24/5)
NTREAL May M	au Mau Mau		SPAIN Madrid SE (58/12)	(S) 36,48 (G)	82,26 59,11	167,45 (\$)21	98.46 (25 ₍₆₎
: MERY M	ay May May 1 20 19 High						

Industrials (a) 277.55, 276.82, 281.36 522.78 (4.1) Combined (a) 288.71 258.07; 265.25 516.88 (4.1)

NEW YORK ACTIVE STOCKS

Change

Stocks Closing on traded price day 431,700 45½ + ½ 429,300 35½ - ¼ 414,300 25½ - ½ 377,600 25½ - ½

TORONTO Composite: (c) | 15|1.5 1562,50;1521,1 | 1956,5 (4;1)

537-xd 153-374-393-193-

Prime rate cut lifts Wall St

ent from 151. The rally was Dickenson Mines, up 15 cents of magnetic tapes for video tape at by the Prime Rate cuts made to sell to Sullivan Mines certain Citibank, and Mitsui Manu-

The Dow Jones Industrial verage improved 3.80 to 840.18 and the NYSE All Common dex 0.28 to 68.45, while lyances led declines by a ratio

id IBM 1 to \$62%.

losing prices for North merica were not available for this edition.

553.32 : 29/¢;

242.5 (11/3)

129.3 (17)3:

to sell to Sullivan Mines certain mining assets for C\$10.25m and . other considerations.

Tokyo

The market accelerated its recent decline in further light trading yesterday. Major depresseven-to-four. The trading recent decline in further light ace picked up to 32.25m shares trading yesterday. Major depression the rather low level of sants were the likelihood that 55m seen at 1 pm on Monday. the Government will be forced Blue Chip stocks firmed in to issue additional National Rought to rever its revenue short. eavy trading as institutional Bonds to cover its revenue short-vestors increased their activity. falls and the yen's latest weakn the actives list, General ness against the U.S. dollar, otors hardened ? to \$434. The continuously thin trading exen ? to \$281. ATT ? to \$53? was traced in part to the fact

that investors were staying out DM 207, although Volkswagen Volume leader Tesoro Petrooum was up \$1 to \$22\frac{1}{2}.

Phillips Petroleum was up \$1

Phillips Petroleum was up \$1

S32\frac{1}{2} in active trading on news
at it has discovered further oil

The Falklands at it has discovered further oil June in France. The Faikiands and gas reserves off the Ivory fighting and the lack of a clear trend in U.S. interest rate movements were also discouraging active trading.

The Nikkei-Dow Jenes Average dipped 39.88 to 7,428.40 and the ational Railway.

Responding to news of some interest rates would deprive the wor. U.S. interest rates, Canastock market of funds.

Interest rates would deprive the month of the star month. This will divert liquidity from the equity market, and investors are expected to stay of the star cutback in production in the near future. Canon weakened Y26 to operation is completed.

The Toronto Composite Index as 5.0 higher at 1,516.4 at noon, hile the Oil and Gas Index along with recently strong Phone along with recently strong Phar-maceuticals. Oil shares were broadly higher, however, with traders citing anticipation of a Hong Kong stock market yester-possible tightening of the world day, with prices rising steadily courts to ASS.10.

Germany

Light professional buying in a market short of stock left shares generally firmer, reversing the recent casier trend. The Commerzbank Index rallied 3.9 to 700.8.

Hope that the Falklands conflict may be nearing an end was issues were also Motor

was only 10 pfennigs up at DM 152.60. In Bond trading prices contimed their downtrend, with Public Authority issues record-ing losses to 45 pfennigs, while Euromark Bonds also softened.

Paris

Stock prices were marked down across a broad front again yesterday in fairly light volume. The Indicateur de Tendance index receded 1.5 more to 119.5.

Analysts said the market's weakness was directly related to the announcement that the French Government will float affer 10hn state loan on the Sundstrand fell 2½ to S31 after bewering its earnings forecast.

Tokyo SE Index 2.43 to 552.64. down across a broad front again provering its earnings forecast.

The AMERICAN SE Market formulation of 170m shares. The Indicateur de Tendance index receded 1.5 more to 119.5. against Monday's 130m.

Analysts said it is difficult to assess yet what impact the issue of additional Bonds would have. French Government will float a but said any consequent rise in interest rates, Canabase of funds.

Many Camera shares fell on the equity market, and

Hong Kong

A decline in some U.S. interest rates on Monday was met with a burst of enthusiasm on the

CUT in Prime Rate to 16 per rose 17.7 to 2,676.3. However, oil market towards the end of throughout the session. The ont from 161 per cent by two the Gold shares index lost 44.4 the year. Nippon Oil was up Hang Seng Index climbed 29.39 anks yesterday morning gave to 1.946.8.

You have the session of the year. Nippon Oil was up Hang Seng Index climbed 29.39 to 1.946.8.

You have the gold shares index lost 44.4 the year. Nippon Oil was up Hang Seng Index climbed 29.39 to 1.946.8.

You have the gold shares index lost 44.4 the year. Nippon Oil was up Hang Seng Index climbed 29.39 to 1.946.8.

You have the gold shares index lost 44.4 the year. Nippon Oil was up Hang Seng Index climbed 29.39 to 1.946.8.

and '

10W

Vall Street an early uplift in a case and the actives, Turbo Firm exceptions among the in almost three weeks. Comcasonable turnover.

Analysis said investors started
Analysis said investors started
anying into the market late the revious day after two banks cut their broker loan rate to 14; per their broker loan rate to 14; per was unchanged at C\$7; ings as a result of strong sales

Brokers said the primary of wagnetic tense for yiden tase.

Brokers said the primary of wagnetic tense for yiden tase. Brokers said the primary influence was a cut in some U.S. broker loan rates, which is hoped will lead to a reduction in prime rates soon. Several analysis said

that despite the local economy's

current relative full, prospects would be very bright if interest rates did come down.

Australia :

Some Asian buying interest concentrated in several leading cited by brokers as a positive stocks gave a brighter look to the market yesterday. .

After declining for the past bolstered by bnoyant production eight consecutive days, the All and export figures for April Ordinaries Index picked up 3.6 Daimler put on DM 2.50 to to 509.5, although the overall DM 277.50 and BMW DM 1.10 to market trend was rather mixed. eight consecutive days, the All Ordinaries Index picked up 3.6 to 509.5, although the overall The Oil and Gas Index put on 3.9 to 486.1 and Metals and Minerals 3.0 to 370.4. The index for 50 leading stocks rose 4.5 to

Market analysts said buying orders from Hong Kong and Singapore had a marked influence on the market because of the current low turnover. However, they added that activity from London would be needed before prices shake off their mainly downward trend.

BHP moved ahead 16 cents to ASS.06 and CSR firmed 3 cents to ASS.06 and CSR firmed CSR firmed CSR

A\$3.25, while Minings issue CRA improved 10 cents to A\$3.12.

Bond, after Monday's advance of 14 tents, added 4 cents at A\$1.28 ahead of an expected announcement regarding the company's pending sale of a major asset.

major asset.
Santos, in which Bond has a 15
per cent stake, was 24 cents up
at A\$5.74, while Cooper Basin
participant, Basin Oil, in which
Bond also has a substantial stake, was 5 cents higher at A\$1.50.
Elsewhere in the Oil and Gas sector, Vamgas gained 20 cents to A\$\$10 and Crusader Oil 6 | JAPAN (continued)

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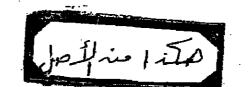
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			BELGIUM (cor	ما المارات		I HOLLAND			/ AUSTRALIA			, JAPAN (conti	nuedì	
CANADA	ì		BELGIUM (COI	IONUGO)			· 1	i	1		+ or	1	Price	+ or
Stock	May 21	May 20	May 25	Price Frs.	+_01	May 25	Price	+ or	1	Aust. \$		May 25	Yen	
MCA Intl	·!		Petrofina	4,558	-240	ACF Holding	84.5		ANZ Group Acrow Aust Ampol Pet Assoc. Pulp Pap	1,35	+0.68	V.maranal	433	+7 -10
Abitibi Agnico Eagle,	15 ե	164 63 ₄	Royale Beigs Soc. Gen. Banq. Soc Gen Beige	5,000 2,750	+50 30	Ahold	26.2		Ampol Pet	1,60		Kyoto Ceramic		+1
lican Alumin Licoma Steel	2278 31	{ 31	Sofina	.[3,280]	<u>24</u> <u>20</u> -	ABN	92,8	+0.5 .	Aust Cons Ind	1.61	+0.81	Maeda Cons , Makita Marubeni	J 740 J	
sbestos k. Montreal	1958		Tracton Elect	2.780	75 25	AMRO Bredero Cert Boskalis Western	172 54	-2 -2	Aust. Guarant Aust. Nat. Inds,	2.65 2.65		i Marudal	ו סטט ו	+1 +1 -17
Sk.Nova Scotla Basic Resources	203 ₄ 3,00		VieilleMont	1.2.1/0	+20 —10	Buhrmann-Tet Galand Hidga	37,5	-0.5	Aust, Paper Bank NSW Blue Metal	3,10	+0.08	Merul Metsushita M'ta Elec Works	1,090	-10 +8
Sell Canada	191 ₂					Elsevier NDU	128	+4.5	Bond Hidea	128 /	+0,04	M'bishi Bank M'bishi Corp	. 500	-2
Bow Valley BP Canada	129	1478 2854 1614	ł ·			Euro Comm 7st Gist: Brocades	75.7	ا	Barai Bi ville Copper Brambles inds	1,31	+0.88	M'bishi Elect M'bishi Ri East	286	2 10
Brascan A Brinco	. 3,80	4,05	DENMARK	_		Heineken	61,1	+2,2	Bridge Oil	5.10 8.05	_+0.16	MH	210	2
B.C.Forest BL inc Badillac Fairview	.l 221a	1 2112		1		Hunter Douglas	8.5	+0.1	1 Removelak Gil	0.10 (+0.01		1 667 I	+8
amilo Mines an Cement	638	63g	May 25	Price 5	+0	KLM	99,2	-1.3	CRA CSR Cariton & Utd Castlemaine Tys	3.25 2.30	+0.05	NGK Insulators	1 170	_2 _10
an NW Energy	2212	2212	Andelsbanken	115.8		Nat Ned cert Ned Cred Bank	117,8 35,1	-0.1 +0.1	Castlemaine Tys	3.90 0.60	÷0.05	Nippon Gakki Nippon Mest	590 393	15
an Packers an Trusco	3014 231 ₂	234	Baltica Skand Copilandelsbank	126	-0.2 3.0	Ned Mid Bank Ned Lloyd Oce Grinten			Do. Opts	0.38 1.33	- d., de., e	Nippon-Oll Nippon Shinpan	850	+1+7
an Imp Bank an Pacific	; 3 7	27	D. Sukkerfab Danske Bank East Asiatic	126	3.0 1,8	i Ommerch (van)	40,5	-0.0	Cluff Off (Aust) Do. Opts Cockburn Cemt. Coles (G.J.) Comaico Costain	2.15 2.00	+ 0.03	Mippon Stae Nippon Suisan NTV	1971	-1 +2
lan P. Ent Jan Tire	141 ₂ 364	141g 364	Forende Berygg	686	-3 +1,6	Pakhoed	24.3	+0,2	Crusader Cil Dunlop	5.16	-0.05 70.04	Nissan Motor	810	_19
hieftain	191g 385		GNT Hidg	267	···:	Rijn-Scheide	208.3	+0.7	Eider-Smith G.M.	3,13 %	0,12 0,62	Nisshin Flour Nisshin Steel Nomura	338 160	2
ons Bathst A ont Bk Canada.	1412	1458	Nord Kabel Novo Ind	132		ROGRIFICO	206 R	+0.8	Endeavour Res Gen. Pro. Trust	1.60	0.25			<u>-4</u> -2
loseka Res lostain	5	54	Papirtabrikker - Privatbanken	1 91.0		RorentoRoyal Dutch	81'4	+ ***	Hartogen Energy	1.04		i Orient	1.570	—15 —10
ozon Dove! Denison Mines	20	1834	Provinsbanken	115 200.0	+0-6	Slavenburg's Tokyo Pac Hg Unilever	B13.0	—3.5	Hooker ICI Aust Jennings Jimb lanarSOcFP	1.25	-0,01	Pioneer Renown Ricoh		
Domė Mines Dome Potrojeum	712	124 878	S. Berendsen Superfos	505 95,2	+4 +3.2	i Viking Res	121	+1 -1.3	Jones (Di Kia Ora Gold Leonard Oil	1.69 0.08	+ 0.82 0.01			_2
om Foundrics A	321 ₃	32	ļ			Vmf Stork VNU West Utr Bank	55,8 88,5	+0.7	Leonard Oil	0.17 3.03	+0.91 -0,61	Sapporo Sekisui Profab Sharp	715	_5 _5
om Stores Jomiar	15å 174	163 ₄ 171 ₂	ł					,	Meekatharra Ma. Meridian Oil	240	PRF - (1 - 11	Shisiedo	880.1	50
ionstar St. West Lifo	1234	125	FRANCE						Myer Emp.	1.28	 ↓ D.82	Stanicy	350 228	-5
ulf Genade ulfstream Res.	15 2 4 3	145 ₁ 2,50	May 25	Price .	+ or	ITALY			í Nat. Bank	2.54 (-0,01	Taihei Dengyo Taisei Corp	557 (359 (—3 +3
lawk Sid, Can Iollinger Argus .	} 85s	; 9		Fre.		May 25	Price	+ or	Nicholas Kiwi	1.40	-0.53	Taisho Pharm	590	18
	• I	1	Emprunt 413 1976 Emprunt 78 1876	6.600	-33 -48		Lire .		Oakbridge Otter Expel	0.40	—0.05	Takeda TOK Teijin Teikoku Oil	3,760 228	+ 3 + 2
ludson Bay Mng ludson's Bay	[1912	1912	CNE 39	490	–24)	Assigur Gen Banga Com'le			Pancon	0.15	-0.02	Teikoku Oil TBS Tokio Marine	900 460	
nasco	3912	534 3918	Aquitaine Au Printomps	165 -	1,1 6	Bastogi Fin	3,860	-20 +265	Pioneer Co Queen Marg't G.	0.10	+0,61	Tokio Marine	477 895	+3 +10
mp Oil .A.,	12%	124	BIC	690 -		First Finsider	1,680	-19	Reckitt & Coin Santos Sieigh (HC)	5,74 :	: Ö,24	Tokyo Gas	109 481	_2 _3
ndaj. nter Pipo,	17	93 ₄ 163 ₄	BSN Gorvals Carrefour Club Mediter	1.496 -	-19 -35	Finsider Invest Italcemanti	2,410 50,560	-70 -160	Southland M'n'g.	0,28		Tokyu Corp	350	—3 —3
iac Bloodel,	197a	, 193 ₈	CFAO CSF(Thomson)	552	-7 -3	Italsider Montedison	120±	41.5	Spargos Expel Thos. Natwide Tooth	1.95	-0.03 -0.02	TOTO Toyo Selkan	450	
tarks & Spencer!	10:4	(11	Cle Bancaire	172 -	-4.2	invest	2,369 2,226	+16	UMAL Cons Valient Consdt	1.82		Toyota Motor Victor	2,350	+40 -19
lassey Forg Icintyre Mines Iorland Explor	283 ₄ 6.00	283 ₄ 5,75	Cle Gen Eaux Cofimeg	327,5 - 120 -	-2.5 -2.4	Snia Viscosa	1,290. 690	-30 -10	Western Mining	0.55	-0.01	Yictor Wacoal Yamaha Yamazaki Yasuda Fire Yokogawa Bdge	721	+3
litel Corp loore Corp at. Sea Prode A	197g 367g	19½ 38as	CEP LOUIS	139 9	-1.9 -2.8	do. Pref	0,100	+160	Woodside Petrol Woolworths	0,84 1,66	-0.01	Yasıda Fire Yokogayya Bidge	236 516	∓0 ∓1
at. Sea Prode A oranda Mines	143	71g 145q	DNEL Dumez GenOocidental,	1,040	-35			· · ·	Wormaid Intl	2,65 j	- D,0ŝ			
nth. Telecom	52½ 10½	5034 1074	imatai	65 I =	-0.5 -1.4	NORWAY		[SINGAPORE	•	
akwood Pst acific Copper an Can Petrol	1.60	1 60	Lafarge		-33 -85	May 25	Price	T *' !	HONG KONG -			May 25	Pites :	+ or
an Can Petrol atino	1214	194	Legrand	28.5	-0,5	Bergens Baks	·:	<u>-</u>	May 25 1	nce i	🛨 or 📗	Boustead Bhd		 0.01
ower Corp ucbec Strgn	1015	101 ₂ 2,55	MOCK HOLINGSBY	- 1-20	4					LK.S		Cold Storage	4.00	- 0.97
anger Oil eod Stenhs A	7½	739	Perned Ricard	55,5; ~ 393,5; ~	-0.6 -3,5	Creditbank Elkem Kosmos Norsk Hydro Storebrand	50.5 340		Cheung Kang Cosmo Prop Gross Harbour	1.20	- 0.7.	DB5 Frasor & Neave Haw Par	6.60 3.02	- 0.05 0,04
o Algom	25 197	1178 3454 1934	Perrior	170 -	-0,5 -1	Storebrand	226 ·	-3	Gosmo Prop. Gross Harbour. Hang Seng Bank. HK Electric. HK Kowloon Bh	1.5 6.65	- 1.5 -0.10	Haw Par Incheape Bhd Melay Banking	A 34	- 0.02
oyal Trustco A	131g 51c	131¢	Pocialn Radiotech Redoute .	310	- 7				HK Kowloon Bh: HK Land Hk Shanghi Kk	5.65 · 8.45	- 0,20	Majay Brew DCBC Simo Derby Straits Trg	8.95	-0.16
agram ncli Lan Oil eci of Can A	63 ir. 163g		Roussel-Ucial	315,7/ -	-10 -0.8	SWEDEN			NK Telephone.	S2 75	0,1 0,1	Stratts Trg	9.75 4.25	÷0,02 ÷0,02
	-	- 1	Roussel Uchil Skis Rossignol Telemech Elect.	580 -	-2 -5	May 25	r Price (·	a !	Hutchison Wpa Jarding Math New World Dev	20	-0.5.]	ABO		+ 0,42
sck B		614 2518	Valeo	230 -	3.5		roner	31	Contract Truck St.			SOUTH AFRICA	Ŀ	
ront obem Sk.	241n 193	22 241 ₄ 187 ₈				AGA Alfa-Level ASEA Astra	204	-4	SHK Props. Swire Pac 4. Wheel'k Mard A. Wheel' KManti's World fot Hides	2.2 6.4	+0,4 +0.2		Price -	+ or
ansCon Pips ans Mintn. Otl A d. Sisco Mines	3.20		GERMANY		1	Astra	382	_4 _1	Wheel' KManti's <u>World Int, Hidas -</u> c	4.7 .07		Spercom	2.75	-0.05
arkori H)Ros	1234	164 123	May 25	Price	- or	Atlas Copco Bolidan Cellulosa	177 i 216 :	_3 _1				NE & GL	7.05 10	
caton (Geo)	3112	51		Dm.		Cellulosa Electrolux B Ericsson Esselte(Free)	94,5 207	-0.5 +1	JAPAN	•		Anglo Am Gold Amglo Am Prop Sarlow Rand	72.5) -	-1,5
			AEG-Tolof	37.1	1:6	Esseite(Free) Fagerate	127	-2	May 25 P	rice +	OF I	DUTTO13	34,3U ,	O, 16
		- 1	AEG-Tolef	126,5 + 120.6 +	0.6	Fortia (Free) Mo och Dom	180 ;		Ajinomoto	Yon .		CHA lovest Curric Finance	7.0 2.0	-O.65
		- [Bayer-Hypo Bayer-Vorein	211 +	0.5	Besk Flank	170	-1	Alfrada	556 - 568 -	-9 H	De Beers	4.85 22.75	+ 0,02 -0,50
USTRIA		1	BHF-Benk BMW. Brown Boveri Commorzbank Conti Gummi	210.5 +	1.5	Sandvik (Free) Skandla Skan Enskilda SKF S	476 225	-4 -2	Bridgestone Cation Cittzen	434 ·	26	Pricionicin S Geduld Sold Fleids SA,	24.75 - 57.5 ·	-0,50 -0.5
	1	.	Srown Soveri	187 +	11		127 . 270	-1:	Citizen	281 - 625				A 4c
May 36	Price	-	Conti Gummi Daimier Benz	48.9 + 377.5 +		Swedish Match.	109	_I	Daici DASO Dal Nippon Ptg	193 701	3	duictts	29 5.35	1.5 0.05
editanstalt	214	+3	Daimler Benz Degussa Domag	215,5 —	2.3	Volvo (Free)	169	-1	Daiwa Heuse Daiwa Seiko Ebara Essai Fuji Bank Fuji Bim. '1, Fujisawa i	105 - 595 :	4	rotea Hidgs	16,25 - 2,3 .	-0,25
nderbank	183 300 65		D'ache Reboock	195.50 4	0,5 0.3		. :		Ebara	:78 :32	23	Rennies	9,1 3,40	-0.15
ryr Daimter		4	Deutsche Bank DU Schult Dresdner Bank	173 -	1 07	SWITZERLAND			Full Bank	600 160	. 20	ago Hidg	3,55; -	-0.06 -0.1
reserver may	13,	<u> </u>	GHH Hapag Lloyd	185.9 + 52.2 +	1.8			1 OT 1'	MANOR LOUDSHANNING	354 -	-20 -60	Particle Hidgs	17.8	0,08 0,08
			Hoechst	120 +	0.4		rice Fre:	. 11	Green Cross	163 : ·	2		-	
			Hoechst Hoesch Hozimann (P)	895	0.1 . TE	Nusylste	503				-5	Financial Rand (Discount o	. US\$0 . 14%	.∆0})
		l i	Kali und Salz	146 +	ġ.º 8	Brown Boveri Noa Golgy	965 L310	-25 -15	fitachi Hitachi Koki Honda Housefood I, Hoya Hoya	908 : - 731 -	10			-1
LGIUM/LUXE		{	Cauthet	165 : +:	8.5	do (Part Carts) Prodit Suisse	765	-20	fousefood	10 · · ·	20	BRAZIL		
	ا ا		KHDKloockner	174 +1 59.9 +1	0,5 0,7	do (Part Certs). Prodit Suisse	450	-10	tch (C) to-Ham	82 80			rice +	- er
	rice Frs.	+ or	Krupp	59]	3 - I	Isoher (Geo) ioff-RochePtCts 57 ioff-Rache 1/10 inferiod elmoli	,250 ,725	_25	tch (C) to Ham to Yokado AGCS	38 - 53 -	5 17	esita	1.68	- O.05
BED.	1.160	_50	MANMannamann	164	1.5	elmoli g	,425 -	25	AL 2. HISCO (Alima (An Soap (Ashiyama	98 -	. 48	BACA Brasil	15.201 _	0,15 0,70
10 INT & I IIV	4.100í		Mannosmann Morcodos Kig	244,5	2.2	lestle	.380 :	_1 <u>0</u> _	anima (ao Soap	10		oias Amer otrobras PP	0.35 ÷ 1.00 ÷	0,10
caert B wont CBR kerili	153	+44	fuench Ruck	213 +3	9 IF	Mar Ou well a 1 1	REG	20 18				nip PE	4.80	D 44
kerili S	180	+85	Nuench Ruck reussag Rhein Wast Elect	203.3 +	, s §	reili andoz (B) andoz (Pt Cts)	854 ·	3-18	Cikkoman Cirin Cokuyo	05 +		- Turnmen C 3		<u></u>

285 698 289 6,000 995 2,950 2,560

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Slow day's trading but rally in equities continues Index up 5 points more for two-day rise of 20.2

Option First Declara- Last Account Dealings tions Dealings Day held steady after the previous May 17 June 2 June 4 June 14 day's strong performance. The reduction of j per cent in Citi-June 21 July 1 July 2 July 12 "New time" dealing may take place from 9 am two business days

The sharp recovery in equity markets on Monday was taken a stage further yesterday, but the pace in the advance stackened considerably following Minis-terial caution about the Falk-

Yesterday's rise in leading shares owed much to the con-tinued absence of sellers, fresh demand being on a modest scale. The aunouncement of the long-rumoured £130m rights issue from Grand Metropolitan at the start of business had little real impact, but contributed to early caution. Grand Metropolitan opened lower at 197p, but ratifed to finish 7 up on balance at 209c.

Activity again centred around defence stocks which recorded further gains with Vickers and GEC noteworthy among the leaders. The final tone was fully from and the FT 30-share index down a point at the 10 am calculation, closed at the day's hest with a rise of 5 points to make a two-day recovery of 20.2 to 580.8—after last week's fall of 30 points.

Among the sectors, Shippings continued to benefit from recent Press mention while better-than-expected first-quarter figures from Phoenix prompted a firmer stake in C and B.

Fixed interest.....

Earnings, Yid. %(full) 11.17

HIGHS AND LOWS

High

590,9

Industriai Ord......

Total bargains

Equity turnover £m.

Gold Mines..

Ord. Div. Yield.

FINANCIAL TIMES STOCK INDICES

P/E Ratio (net) (*)...... 10.91 10.83 10.59 10.52 10.67 10.89 10.66

Equity bargains ____ 11,330 9,565 10,567, 11,518 11,992 14,465

10 am 574.8, 11 am 578.6, Noon 580.1, 1 pm 580.1.

2 pm 579.4. 3 pm 579.3.

Latest Index 01-246 6026.

Nii = 10.12.

150.4 50.53 (28)11/47) (3/1/75)

303.0 209.2 558.9 43/5 Equities (5/1) (9/8) (22/8/80) (28/19/7) Bargains... Value

1/7/35. Gold Mines 12/9/56. SE Activity 1974. †Corrected.

Low High

618,1

Basis 100 Govt. Secs. 18/10/26. Fixed Int. 1923. Industrial Ord.

69.53 69.61 69.10 69.10 69.45 69.81 68.43

231.6 235.2 249.0 249.9 247.8 240.3 348.1

... 14,954 14,990 15,950 14,724 15,179 17,043 18,429

- | 111,51 | 90,95 105,07 119,61 113,61 119,16

575.8 560.6 554.4 561.9 572.4 545.4

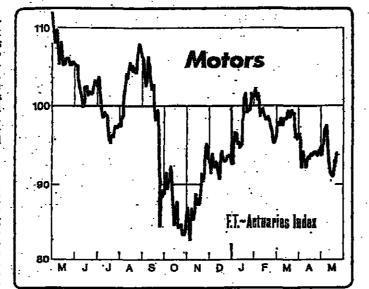
5.43 5.55 5.59 5.51 5.43 6.04

11.26 11.52 11.61 11.44 11.22 11.78

trend in Composite Insurances. British Funds passed an ex-tremely quiet trading session, but caused no surprise and made-little impression. Quotations moved within narrow limits and closed little altered on balance. Up 0.62 on Monday, the Government Securities index hardened slightly to 68.80.

Phoenix pleases

The modest first-quarter profit announced by Phoenix pleased the market which had been expecting worse figures following recent poor quarterly statements from other major Composites. Consequently, Phoenix pushed forward to close 10 higher at 238p. Sull reflecting hopes of a bid from Allianz Versicherung. Eagle Star advanced 9 to 365p. while improvements of 6 and 7 respectively were seen in GRE, 258p. and Royals, 330p. General Accident closed unaltered at 286p with business restrained by the previous day's successful placing Hill Samuel of 3m shares in GA at 268p per share. Hambro Life added 7 for a two-day gain of 12 to 293p on the annual report. Among Lloyds Brokers, Minet, at 193p, retrieved 11 of the previous day's fall of 16 and Black's hid denial and the announcement that Reliance Group had acquired a 5 per cent



GEC firmed 7 more to 900p and

similar amount to 223p. Plessey

7 to 280p. Speculative buying on revived hopes of a bid from Tyeo Laboratories of the U.S., which owns a near-29 per cent

stake in the company, helped

Muirhead to advance 10 to 156p. BICC found support at 335p, also up 10, and Standard Telephones and Cables gained 7 to 567p.

Noble and Land stood out in

while Hawker gained 4 to 324p.

Wadkin moved up 3 to 70p and

Woodhouse and Rixson hardened

194p awaiting today's interim results, while British Sugar gained 10 to 465p. J. Sainsbury

met fresh support and rose 5 to 615p and Kwik Save improved 4

to 238p. Renewed demand in a

thin market lifted Amos Hinton

15 to 340p. Elsewhere, Ranks

Hovis McDougall touched 58p be-

fore reacting on disappointment with the half-year results to close

unchanged on balance at 564p.

P. Panto added a penny to 14p
on the halved loss and the return

After opening 5 down on con-

firmation of the widely rumoured £130m rights issue,

Grand Metropolitan rallied well on bear closing to finish 7 up on belance at 209p. Among other

Hotels and Caterers, Stakis hardened a penny to 65p in res-pouse to the interim results.

to the dividend list

Gomme better

An otherwise lacklustre bank- and Ferranti 11 to 728p, while ing sector was featured by a jump of 17 to 332p in Cater Allen fol- British Aerospace added lowing the annual results.

hampton and Dudley which rose 9 to 217p. Allied-Lyons firmed 2 to 93p, and Greenall Whitely, interim figures tomorrow. added a like amount to 1:9p. Elsewhere, dealings in sherry importers Luis Gordon, suspended on May 13 at 20p, were resumed at 22p, matching the cash offer for the minority from Porters

The undertone in Buildings after 20p, on a bid approach, usually improved a few pence.

Rediand. a subduct the leaders by the stayed from and the leaders by the stayed from a subduct the leaders by the subduct Redland, a subdued market recently in the wake of the sucrecessful takeover of Cawoods, revived and firmed 4 to 170p; trade started in the new shares which opened at 164p and closed at 168p. Blue Circle and BPB Industries added 2 apiece to 466p and 444p respectively, while Barratt Developments rose 4 to 2880 and George Wimpey a penny to 112p. Breedon and Cloud Hill, a rising market recently on speculative interest, put on 3 more to 180p, while Ruberoid gained 6 to 158p in belated response to a broker's circular. circular. J. Carr (Doncaster) firmed 2 to 83p awaiting today's interim results, while revived demand in a thin market lifted

Tilbury Group 15 to 455p.
Occasional support and the absence of sellers left ICI 4 dearer at 324p, while demand in a market none-too-well supplied with stock lifted Amersham 5 to a peak of 221p. International Paint, preliminary results due tomorrow, added 3 to 237p, while Croda International met support and added a like amount to 81p. Interest in Stores was at a low ebb and most finished around

29p to the accompaniment of House advanced 20 to 400p. Excovague takeover suggestions, hardened 2 to 200p. London Mer-Copydex added a similar amount to 48p awaiting today's annual figures, while Huntleigh gained 6 to 142p on defence spending Demand ahead of annual results expected next month left

Powell Duffryn 6 better at 227p. while Zygal firmed 6 to 84p on further consideration of the results. De La Rue rose 15 to 555p. Kelsey Industries put on 2 to 162p on the increased 2 to 162p on the increased interim earnings and Jardine Matheson rose 5 to 167p in response to the chairman's encouraging annual statement. Against the trend, Sothebys came on offer and fell 15 to 315p. Several firm spots emerged in the Leisure sector, Horizon

Travel met Support and gained 12 to 217p, Intasun put on 4 to 144p and revived demand in a thin market lifted Pleasurams 12 AE, interim results due tomorrow, came under pressure

and fell 4 to 45p, sentiment not helped by the disappointing performance of the South African subsidiary. Other component Breweries again displayed closed only a penny dearer at formance of the South African modest gains across the board helped by another set of pleasing results, this time from Wolver- 8 to 283p and Cable and Wireless progress, about 1232. progress, about in thin trading. Dowty added 4 more to 136p, while Lucas closed a couple of pence better at 196p. Selected Distributors attracted support on hopes of further rationalisation within the sector. Tate of Leeds were again wanted and added 3 for a two-day jump of 11 to 93p.
Adams and Gibbon advanced 6 to a 1982 peak of 101p.

International Thomson put on

7 to 329p. Paper/Printings were rarely changed with Ault and Wiborg holding at 35p; the price in yesterday's issue was in error. After opening a shade lower, Properties went better on spora-11 to 251p.
Foods displayed a firm appearance. Tate and Lyle added 4 to dic support before drifting off to close with modest losses on balance. Land Securities settled a net 2 cheaper at 280p and MEPC a penny off at 197p. British Land moved against the trend, adding 2 to 80p. Capital and Countles softened a penny to 117p awaiting today's pre-liminary results, while Haslemere Estates shed 4 to 358p. Elsewhere, Hongkong Land and Swire Properties added 4 apiece to 84p and 73o respectively on Far-Eastern influences.

Oils firmer Oils held close to overnight levels before taking a distinctly firmer line in the late trade. Shell closed 6 dearer at 432p and British Petroleum a couple of pence harder at 318p, while Ultramar improved 8 to 423p. Lasmo gained 5 to 340p and Tricentrol 4 to 214p. The Humbly Grove participants came to life after a period of neglect; Carless Gomme Detter Capel put on 8 to 175p with the Miscellaneous industrial lead new nil-paid shares a like

the overnight levels. Sumrie ers took the previous day's gains amount to the good at 35p Clothes continued to respond to a useful stage further. Glazo premium. Candecca also gained speculative demand and added 4 firmed 7 for a two-day advance 8, to 220p, while Marinex put more to 49p, while support was of 23 to 672p, while Pilkington, on 12 to 110p. Jackson Petroleum, 235p, closed a similar amount dealt in the Unlisted Securities Defence stocks continued to lead the way in Electricals but the volume of business was smaller than on Monday. United smaller than on Monday. United Scientific advanced 10 to 385p

Lead International, with market, gainen to to 112p to 12p.

June 7, put on 6 to 310p, while petroleum rights to 40 per cent some good buying lifted Turner of the continental shelf of the Scientific advanced 10 to 385p

Elsewhere, Gomme jumped 4 to Among Financials, Mercantile Among Financials, Mercantile Totals

to 54p; the price shown in yesterday's issue was incorrect. Shippings remained buoyant,

chant Securities eased a penny

still gaining impetus from a broker's circular. British and Commonwealth added 9 for a two-day rise of 18 to 430°. Caledoula firmed 8 to 3950, while P & O Deferred added 4 to 149p. as did Ocean Transport, at 117p Common Bros rose 7 more to

Interest in Textiles was mainly confined to those reporting trad-ing statements. Leeds and Dis-trict Dyers and Finishers advanced to 93p in response to the doubled first-half profits and increased interim dividend, but eased to finish 3 dearer on halance at 88p on the discouraging tenor of the accompanying statement. Parkland Textile A also rose 3, to 47p, after the sharply increased annual earn-ings. Dealings in Wormalds Walker and Atkinson, suspended on Monday at 91p, resumed at 18p to maich the cash offer from W. Hainsworth.

Golds drift

With neither political events nor metal prices providing any sort of stimulus in either direc tion, mining markets held broadly unchanged in quiet trading yesterday. The bullion price charted an uncertain course, before closing at \$328.25, down \$0.25, and the Gold Mines index edged 3.6 lower to 231.6 as falls outweighed rises among the con-

stituent stocks.
Falls of around ½ were common to Randfontein Estates, at £25, Buffels, at £151. Hartebeest, at £211. Kloof, at £127, and Vaal Reefs, at £25}

The medium and lower-priced issues showed Stilfontein 32 lower at 596p, Harmony down

25 to 513p and Zandpan 21 weaker at 388p. Gold-based South Financials were also generally a little weaker, as in "Amgold,"

a little weaker, as in "Amgold," down i to £32½.

In Coals, Transvaal Consolldated Land gave up a point to £17½ for a two-day decline of two and a half points.

Demand for Traded Options improved slightly with 1,494 contracts taken out compared with Monday's 1,059. Calls amounted to 1,183, of which ICI and P & O Deferred recorded 235 and 225 deals respectively Grand Metropolitan again attrac-Grand Metropolitan again attracted a relatively active put business following confirmation of the widely-rumoured rights issue and 193 deals were struck, 105 in the July 200's,

RISES AND FALLS VFSTFRDAV

		* *	
British Funds	Rises 5	Falls 2	Same 85
Corpns. Dom. and Foreign Boads Industrials	5 356	4	68 893
Financial & Props.	99 28	37 10	372 69
Plentations	23 · 39	53 37	22 73 76
Others	-35	_3,	<i>7</i> 0.

RECENT ISSUES

EQUITIES Stewart Nairn 27 Zambia Cons Cpr NK, 70

FIXED INTEREST STOCKS

ιi		_								•	
9	issue price	Amount paid up	Renuno	19 High	E2			Stock	<u>_</u>	Olouing Price &	+ or
2	(99,393 1100 *5 *100 *100 *100 *100	£25 F.P. F.P. F.P.		25 102 4 146 2 47 46 1pm	21½ 101¼ 135 38 45 1pm	First M. Grt. N' Do Maribo	ngka wat. 12; rth'n h rough	pc Conv. nv. 4pc N 4.7pc N Props 103	ce 1435 Lon.2007 Red. Prf. 1987 Uns. Ln. 1987 et Gum. Prf. £1 et Gum. Prf. £1 ; Cnv.Ln. 38-2002 Pref. 1987	146½ 39 46 1pm	+4 +1
5	100	F.P.			100	Nation	wide E	and Soc.	15% (23/5/83)	TOOM	

"RIGHTS" OFFERS

Issue		Renunc.	. 19	B2	Stock	Olosin Pride P	+ <u>o</u> r
price P	A g	9 9	High	Low	1	5-	<u></u>
10	F.P.	27/4 28/5	1334	1034	Ansbacher (H.) 5p	185	-14
170 125	F.P.	13/5 24/8 21:4 28/5	190 161	180 135	Bank Leumi (UK) £1 Beazer (C. H.) 10p	161	+1
135	: Nil-	28/5 9/7	44pm	23pm	Carless Capel 10p	35 <u>0</u> m	!÷8 i—1
20	F.P.	30/4 28/5 10/5 21/6	86		Fisher (A.)Grovebell (5p)		i4
500	F.P.	20/5 18/6	590	576	Hammerson Prop		- 15
500 120	F.P.	29.5 18.6 7/5 4/6	575 169	530 144	Do. A	175	+2
145	F.P.	12/5 7/6	187 14pm		Low (Wm.) 20p North Kalguri		+2
18 -27		21/5 4/6 29/4 27/5	2912	. 2512	Queens Most	29	+1
98 170		16/4 4/6 14/5 11/6	107 284	272	Riley Leisure Steel Bros	105 243	+ 7
10	F.P.	24/3 23/4	با 12	1012	Sturia 10p		 + 5
133 25	F.P.	10/5 10/6	160 18pm		Vickers (£1)		

Renunciation date escuelly lest day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capitals cover based on dividend on full capital. g Assumed dividend and yield. I indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures essumed. • Figures or report awaited. ‡ Cover allows for conversion of shairs not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. I issued by tender. [Offered to bolders of ordinary shares as a "rights." * saved by way of capitalisation. § Relateduced. ¶ Issued in connection write reorganisation, merger or take-over. [if Introduction. ☐ Issued to former preference holders. Market. ‡ London Listing. • Provisional or partly-paid element laters. With warrants. † Usellings under special Rule. § Unlisted Securices Market. ‡ London Listing. • Effective issue price after scrip. † Formerly holders,

ACTIVE STOCKS

Above average	astivity	MSe.	noted	in	the	following	stoc	ks yes	terday
	Clo	sing .						Closing	
	pr	ice i	Day's			•		price	Day's
Stock	Det	nce c	hange	- 5	Stock	•		репсе	change
		5 .	- 4	Gra	end. P	Vietropolita		209	+ 7
nersham		71 .	+5.	Mar	181			193	÷11
itish Aerospace			į į			nd Lund		19	+ 3%
ible and Wireles		· 0	+ 7	Pho	xinac	Assurance		238	+10
riess Capel		75 -	+ 8	Pie	338V			433	+ 1
C		. 00	+ 7	RH				56-2	٠. ــــ

. *	
MONDAY'S ACTIVE STOCK	S
Based on bargains recorded in S.E. Official L	lst
Mandau'a	Mandayin

	No. Q1 ·	CIOSING			NO. OI	closing		
	pnce .	price	Day's	•	price	price	Day's	
itock	changes	pence	change	Stock	changes	pence	change	
wart Neim	. 14. ·	27	. - .	De Beers Deid.	11	215	7	
C	. 13	893	÷18	Minet	. 10	132	16	
X0	13	865	+16	Pilkington		228	÷ 3	
es 33		117	 ·	RTZ		435	+ 7	
Industries		445	+15	Shell Transport	10	425	+6	
ble and. Wis	: 12	273	÷13 .	ICL		61	÷ 4	
558y		432	÷ 15	שמט במט	. 9	64	÷ 4	

FT-ACTUARIES SHARE INDICES

S.E. ACTIVITY

May 24

172,5

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS	1	ues !	May 2	5 198	2	Mon May 24	Fri May 21	Thur May 20	Wed May 19	Year ago (approx.)
Fig	& SUB-SECTIONS ares in parentheses show remover of stacks per section	index No.	Day's Change %	Est. Earnings Yield % (Max.)		(Net)	Index No.	Index No.	ladex No.	lades No.	Index No.
. 1	CAPITAL 60005 (209)	388.09	+0.9	9.39	4.19	13.12	394.54	377.13		380.95	340.85
2	Butleting Materials (23)	335.78	+0.9	13.60	5.32	8.68	332.63	329.32		335.88	384.31
3	Contracting, Construction (28)	613.76	+0.8	13.95	5.00	8.43	609.01	660.65		608.66	553.03
4	Flectricals (31)	1489.84	+10	6.62	2.30	19.33	1396.22				
5	Engineering Contractors (11)	479.71	+0.2	13.86	6.32	852	478.61 282.38	472.11		478.51 198.79	486.48 211.24
. 6	Mechanical Engineering (67)	204.84	+12	11.20	5.79	10.77		196.95		162.76	164.46
8	Metals and Metal Forming (11)	167.01	+11	10.21	7.23	12.30	165.15 93.64	161.53 91.00		9179	106.28
9	Motors (20)	94.15	+0.5	0.81 10.03	5.86	12.20	363.75	359.71		35211	360.20 360.59
10	Other Industrial Materials (J.8)	365.61	+8.5	12.76	555	9.52	385.91	300.61		301.78	278.66
21	CONSUMER GROUP (201)	308.13	+0.7	15.26	641	7.92	304.76	301.63		307.04	394.39
22	Brewers and Distillers (21)	308.67	+15	17.14	6.99	6.84	266.92	262.44		262.30	254.86
25	Food Manufacturing (22)	267.76 601.89	+11	9.43	3.54	12.87	595.59	533.75		317	516.50
26	Food Retailing (14)	464.27	+1.0	7.45	3.49	15.60	459.72	448.13		451.19	3426
27	Health and Household Products (8)	440.57	+0.1	10.35	515	12.05	440.67	436.74		444.78	424.87
. 29	Leigure (24)	523.97	+0.2	12.86	5.97	9,94	523.13	521.25		526.56	513.49
32	Newspapers, Publishing (12)	148.03	+1.0	15.44	7.38	7.53	146.58	14416	143.19	143.64	147.98
33	Packaging and Paper (14)	282.43	+0.4	10.50	4.86	12.73	281.19	275.28	271.67	275.06	276.84
. 34	Stores (45)	173.84	+0.4	10.38	5.73	1236	173.20	176.65	170.24	170.42	154.07
35		336.30	+10	21.75	8.18	5.18	332.84	322.08	.318.23	327.89	265.29
36	Tobaccos (3)	284.34	+0.4	l	5.29	. .	283.23	283.38	284.63	265.87	305.05
39 41	OTHER BROUPS (77)	257.34	+13	13.63	6.26	8.83	254.13	250,39	249.54	251.29	230.43
- 22	Chemicals (16)	339.62	+12	13.53	6.95	8.80	335.57	332.31	329.60	33748	289.00
44	Office Equipment (4)	112.65	+1.0	14.44	7.75	8.51	111.49	111.23	111.23	177,22	115.33
45	Shipping and Transport (13)	572.25	+1.7	19.69	7.20	6.15	56251	5246	5355	55.5	568.02
46	Miscellaneous (44)	33L <i>37</i>	+12	11.83	5.15	10.23	327.37	320.62	320,99	323.75	297.01
-	INDUSTRIAL GROUP (487)	328.48	+0.9	11.61	5.14	10.49	325.65	319.87	318.69	321.85	293.10
2		757.26	+11	20.90	7.68	542	749.18	741.54	731.58	73273	824.58
- 2	98s (13)	353.35	+0.9	13.16	5.56	9.08	360.09	354.15	352.27	355.28	335.46
59	500 SHARE INDEX	245.94	+0.7		6.74		244.28	241.95	242.08	244.47	246.91
_61	FINANCIAL GROUP (117)	267.32	+0.5	39.16	8.04	2.80	264.07	262.57	262.29	264.39	244.38
- 62 <u> </u>	Banks(6)	233.06	+0.9		9.74		231.08	228.89	233.60	233.60	263.58
43	Discount Houses (9)		+1.3	_	7.14	!	252.67	251.99	257.20	25.19	250.0E
65	Januarica (1 ife) (9)	256.01	+1.7		9.35	_	16881	147.79	147.23	149.74	153.61
66	himmana (Composite) (20)	151.28	#11	11.23	5.27	12.08	487.70	488.92	485.92	48537	368.78
67	1	492.83	+0.3	إحصيد	5.81		145.36	16.2	143.63	144.19	152.91
68	Marchant Banks (12)	145.86		5.28	3.76	25.89	420.54	404.64	475.04	419.92	478.61
69	•	420.07	-0.1	17.95	6.53	644	174.60	173.71	175.97	176.89	169.17
. 70	Street Classical (15)	175,47	+85	14.77					300.08	302.17	302.07
計	Journal Trusts (111)	301.37	+02	<u> </u>	536	 1	390.78	299.13	205.53		260.44
ai l	North Charles (4)	203.55	-04	15.34	6.93	8.17	294.42	202.79	1	208.73	
91	Augusta Traders (18)	363.06	+13	14.22	8.70	8.60	258.28	353.72	356.02	25.97	474.74
ᇭ		332.54	+08	— · !	5.81	- {	329.89	22D	324,02	224AI (317.16
ן לנ	ATTACK NAME OF TAXABLE PARTY.										
					AVERA	BE GRO	SŚ		Tues	Moo	Year

	FI	XED	INTE	REST		AVERAGE GROSS REDEMPTION YIELDS	Tues May 25	Moa May 24	Year ago (approx.)	
	PRICE NOICES	Tines May 25	Day's change %	Mon May 24	xel adj. today	xd adj. 1982 to date	British Government Low 5 years Coupons 15 years	11.55 12.74 12.76	11.54 12.74 12.76	12.08 12.71 12.85
1 2 3	System Sovernment System 515 years Over 15 years irredocrables	111.79 111.64 114.88 118.72	+0.03 +0.03 +0.02	111.76 111.69 114.86 118.72	0.06	4.61 4.49 5.22 6.87	Medium	13.92 13.85 13.27 13.84 14.62 13.50 12.37	13.91 13.82 13.83 13.83 14.91 12.97	13.97 14.46 14.18 13.97 14.66 14.29 12.26
5	All Stocks	112.46 87.97	+0.02	112.45 87.54	4.62	4.75	Bels & Lotes 5 years	14.72 14.69 14.67	1484 14.78 14.72	15.02 15.07 15.07

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday lasues. A new list of conhe from the Publishers, The Figuretial Times, Bracken House, Casnon Street, London, EC4P 48Y, price 15a, by post 28p.

NEW HIGHS AND LOWS FOR 1982

	Luidine sun France in	. 302.
_	•	IGHS (55)
•		NS (T)
	FFI (LIK) 11pc Uns.	(1)
	Ln. 1988	
	BAN	KS (1)
	Hill Samuel	
		INGS (5)
	Cout (Topiu)	Latham (J.)
	Countryskie	Wilson (Connolly)
	Gleeson (M. J.)	
		CALS (2)
	Amersham Int.	Anchor Chem. ES (2)
	Brown (NJ	Dewhirst
	BIOMII (NO ELECTR	ICALS (4)
	Humberside	Oceonics
	4pirhead	Scholes (G. H.)
	ENGINE	ERING (9)
	Ash & Lacy	Jackson (J. & H. 8.) Westland
	Babçock Ipt.	Westland
	l Beginford	Williams & James
	Birmid Qualcast	Woodhouse & Rixson
	Evered	DS (3)
	Ачала	Hinton (A.)
- 1	Haziewood ·	WINDS OF
		NALS (12)
i	Bath & Portland	Landon & 1 iversoni
- 1	British Aerospace	Moss (Robert)
	Hutchison Whampoa	Reckitt & Colman
	I ICL .	Reed, Int.
	Jardine Matheson	Swire Pachic
	L.R.C. Int.	Vinten
		RE (1)
•	Pleasurama	RS (S)
	Adams & Gibbon	

NEWSPAPERS (1) eg. Paul PROPERTY (1) SHIPPING (1) British & C'w TRUSTS (5) Jardine Secs. M. & G. Dual In

NEW LOWS (17) FOREIGN BONDS (1)
Chinese Sot 1913
AMERICANS (2)
Lone Star Inds. Retmord
STORES (1) ENGINEERING (1) Spear & Jackson INDUSTRIALS (2) loward Tenens Wedgwo INSURANCE (1) London Unite

PROPERTY (1) .TRUSTS (11 , OVERSEAS TRADERS (1) MINES (5)

OPTIONS

Deal- Declara- Settle ings - tion ment May 24 June 11 Sept 2 Sept 13 June 14 June 25 Sept 16 Sept 27 June 28 July 9 Sept 30 Oct 11 For rate indications see end of Share Information Service

Call options were completed in Town and City Properties, Gnardian Royal Exchange, Lofs. Trident TV A. ICL, J. Hep-worth, Metal Box, Chloride, Horizon Travel, John Williams of Cardiff, Stewart Nairs and Otter Exploration. Puts were taken out in Cable and Wireless and Exco International while doubles were struck in Pennine Commercial, Lots Arthur Guinness, UDS and Courtaulds.

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CURRENCIES and MONEY

firm

Fears about the military rencies at the Frankfurt fixing situation in the Middle East as a result of the continuing dispute between Iran and Iraq, and reports of renewed hostilities between Israel and Syria, pushed open market. Interest rates had between Israel and Syria, pushed open market. Interest rates had up the dollar in nervous foreign little influence on trading, includa cut in Citibank's prime lending rate by the cent to 16 per cent.

Sterling maintained Management of the EMS and most members of the EMS. firmer trend as market attention

System.

cent (10.05 per cent six months ago). Annual inflation rate 6.6 per cent (6.8 per cent previous month) — The dollar rose to DM 2.3135 from DM 2.2980 against the D-mark: to FFr 5.9925 from FFr 5.9925 from FFr 5.96 against the French franc: to SwFr 1.9625 from SwFr 1.9550 in terms of the Swiss franc: and to Y240.10 from Y238.20 against the Japanese yeu.

STERLING — Trade-weighted index 89.8, against 89.7 at noon and in the morning, 89.6 at the nevious close, and 91.2 six member (third strongest).

Index \$9.8, against \$9.7 at noon and in the morning, \$9.6 at the previous close, and \$91.2 six months ago. Three-month interbank \$13\foraller{1}\$: per cent (\$14\foraller{1}\$): per cent (\$10.4\$ per cent previous month) — The pound rose to DM \$4.1775 from DM \$4.1550; to FFr \$10.5150 from FFr \$10.5600; to SWFr \$3.5425 from SWFr \$3.5325; and to \$433.50 from \$430.50. It touched an early peak of \$1.5110-1.5120 against the dollar, but fell to \$1.5000-1.3010 in the afternoon, on good dollar demand, before closing at \$1.5045-1.5055, a fall of 5 points on the day.

ago. Three-month interbank 9.10 franc, also gained ground per cent (10.80 per cent six against the guilder, but the months ago). Annual inflation Danish krone was slightly 5.0 per cent (5.2 per cent previous month)—The D-mark Swiss franc fell to Fl 1.3068 declined against most major cur-

EMS EUROPEAN CURRENCY UNIT RATES

against ECU May 25

8.10297 2.38547 6.19092 2.65264 0.689157

1319.27 Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

% chang from central rate

+0.78 -0.99 -1.35 -0.09 -0.76 +0.34 +1.13

+1.08 -0.69 -1.05 +0.21 -0.46 +0.64 +1.13

±1.5440 ±1.6428 ±1.1097 ±1.3743 ±1.5069 ±1.6689 ±4.1242

currency.

remained focused on the FRENCH FRANC — EMS Falkland Islands conflict.

French franc showed a firmer french in the European Monetary changed at 30.5, against 81.3 six months ago. Three-month inter-bank 16 is per cent (15 is per polliar — Trade-weighted index (Bank of England) 1133 against 112.9 on Monday and 105.6 six months ago. Three-month Treasury bills 11.52 per cent inflation 14.1 per cent (13.9 per month Treasury bills 11.52 per cent previous month) — The frence (10.05 per cent six months) french franc gained ground from the cent (10.05 per cent six months) against all major currencies, except the dollar and sterling at the Paris fixing. Among EMS currencies the D-mark fell to FFr 25950 from FFr 25011, and

DMARK — EMS member to FI 1.1127 from FI 1.1125, and the French franc to FI 42.855 (strongest). Trade-weighted index 125.2 against 125.4 on Monday, and 122.5 six months including the lira and Belgian for the EMS.

THE POUND SPOT AND FORWARD

 May 25	Day's spread	Close	One month	f., p.s.	Three months	% p.a
v.s.	1.8000-1,8120	1.8045-1.8055	0.15-0.25c dis	-1.33	0.53-0.63dis	-1.2
Canada	2,2300-2,2370	2.2320-2.2330	0.47-0.57c dis	~2.79	1,35-1,45dis	-2.5
Nathind.	4.61-4.65	4.633-4.643	2-11-c pm	4.52	51-45 pm	4.2
Belgium	78.30-78,90	78,70-78.80	15-25c dis		55-65 dls	-3.0
Donmark	14.12-14.17	14.16-14.17	6%-7% ore dis		161-175 dis	-47
Freland	1.2005-1.2090	1.2060-1.2070	0.69-0.75p dis		1.79-1.97dis	
W. Ger.	4,15-4,19	4.174 4.184	17a-13-pt pm	4.87	4"-4" pm	4.4
Portugal	127.00-128.00	127.50-127.90	100-380c dis			-20.2
Spain	185.50-186.40	186.06-186.25	45-75c dis		205-220 dis	-4.5
Italy	2.303-2.310	2.305-2.307	19-221iro dis			- 10.4
Norway	10.78-10.82	10.79-10.80	31-41-ore dis		61 ₈ -8 dis	-2.7
France	10.75-10.82	10.81-10.82	191 ₂ -221 ₃ c dis			-14.50
Sweden	10.44-10.48	10.45-10.47	aib 4-mq erog		7 ₈ -3 ₈ ptn	0.1
Japan	430-437	433-434	2.45-2.20y pm		6.70-6.40 pm	6.04
Austria	29.20-29.45	29.35-29.40	141-11gre pm		361-30 pm	4.5
Switz.	3.53-3.56	3.534-3.544	31-21c pm		81-75 pm	8.8

rate is for convertible francs. Financial franc 85,80-85,90, th forward dollar 1.08-1.18c dis., 12-month 1.70-1.90c dis.

THE DOLLAR SPOT AND FORWARD

	Day's			%	Thron	÷,
May 25	spread	Close	One month	p.a.	months .	p.a.
ÜKŧ	1.8000-1,8120	1.8045-1,8055	0.15-0.25c dia	-1.33	0.53-0.63dis	- 1.28
Irelandt	1,4920-1,5050	1,4970-1,4990	0.7\$-0.70c pm	5.82	1.95-1.75 pt	n 4.95
Canada	1,2345-1,2390	1.2370-1.2375	0.15-0.18c dis	-1.50	0.35-0.39dis	-1,19
Nethind.	2.5590-2.5800	2.5775-2.5795	1.30-7.20c pm	5.84	3.55-3.45 pr	n 5.45
Belgium	43.35-43.70	43.60-43.62	6-10c dis		19-22 dis	-1.88
Donmark	7.8100-7.8800	7.8420-7.8450	2.95-3.20ore dis	-4.70	7.00-7.50dis	-3.69
W. Ger.	2,2970-2,3200	2.3130-2.3140	1.20-1,15pf pm	6.09	3,33-3,28 pr	n 5.71
Portugal	70.25-70.90	70.65-70.85	50-200c dis	-21.20	150-525dis	-19.08
Spain	102.55-103.25	103.00-103.05	22-28c dis	-2.91	85-95 dis	-3.49
Italy	1,275 ¹ 2-1,279	1,278-1,279	1112-13lire dia	-13.51	31-33 dis	-10.02
Norway	5.9745-5.9890	5.9870-5.9890	1.10-1,50are dis	2.61	2.00-2.40dis	-1,47
France	5.9475-6,0000	5.9900-5.9950	10-11c di s	-21.04	20':-22 dis	-14.20
Sweden	5.7830-5,8065	5.8020-5.8040	6,80-0.6Core pm	1.45	2.10-1.90 pr	n 1.38
Japan	239.25-241.00	240.05-2 40.15	1.60-1.52y pm	7.80	4.42-4,32 pr	n 7.28
Austria	16.18-16.31	16.27-16.28	31-81-2 to bw	8.54	24%-21½ pm	5.71
Swrtz.	1.9540-1.9700	1.9620-1.9630	1.80-1.72c pm	10.76	4.50-4.82 pr	n 9.90

t UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY	MOVEMENTS

May 25	Bank of England Index	Morgan Guaranty Changes%
Sterling U.S. dollar Canadian dollar Austrian schilling Belgian franc Danish kroner Dautsche mark Swiss franc Guider Franch franc Lira Yen	96,0 85,0 125,2 147,4	-33.5 +6.5 -19.0 +26.4 -1.1 -12.4 +48.3 +96.3 +21.6 -13.9 -58.1 +30.5
Based on trade we		

Ź,	_	¦ %	Rights	Units
. n. e	Sterling. U.S. B. Canadian S. Austria Sch. Reigian F. Danish Kr. D mark. Guilder French Fr. Lira Ven Horwgn. Kr. Spanish Pts. Swedish Kr. Swiss Fr. Groek Dr'ch.	12 15,32 61 14 11 71 8 91 19 51 8 10 51 20 20	0.627, 598 1,13382 18,3338 49,5013 8,86354 2,61073 2,90593 6,78138 1648,17 270,643 5,77684 116,613 6,55688 3,32285 71,7595	0.572576 1.03236 1.27775 16.7965 45.0469 2.10297 2.38547 2.65264 6.19002 1519,87 248.664 6.18124 106.405 5.95871 2.03374 65.3379
	*C\$/SDR rat	6 101	May 24: N	/A

CURRENCY RATES May 25 | Fate | Drawing | Currency

OTHER CURRENCIES

May 25	. £	3	·	Note Rates
Argentina Peso Australia Dollar. Brazil Cruzelro Finland Markka Greek Drachma Hong Kong Dollar Iran Rial Kuwalt Dinar (Ko) Luxembourg Fr Malaysia Dollar Maw Zealand Dir. Saudi Arab Riyal Singapore Dollar Sth. African Rand	1,7100-1,7120 289,12290,12 8,155-8,168 711,881-175,482 10,857-10,881 146,25° 6,78,70-78,80 4,1195-4,1295 2,3510-2,5530 6,1860-6,1960 3,7695-3,7775 1,9330 1,9365	0.9475-0.9480 45.170-4.5190 63.00-63.20 5.74-5.75 81.20- 0.2861-0.2865 43.60-43.62 2.2830-2.2870 1.3020-1.3035 3.4300-3.4515 2.0890-2.0920 1.0710-1.0725	Belgium	2270-2510 433-438 4.503, 4.643, 10.75 10.86 124-1501; 1781; 188 10.43-10.52 3.52-3.56 1,791; 1.811;
U.A.E. Dirham	0,0213-0,0813		Tugosiavia	81-100

EXCHANGE CROSS RATES

central rates

8.18382 2.41815 6.19564 2.67296 0.688739

Bolgian Franc ... Danish krone . . German D-Mark French Franc ... Dutch Guilder ... Justh Plint ...

May 25	; Pound St'rling;	U.S. Dollar	Deutschem's	(Japan'se Yen	FrenchFranc	Swise Franc	Dutch Gulid'	italian Lira	Canadia Dolla	rBelgian Franc
Pound Sterling	0,554	1,805	4.178	433.5	10,815	3,543	4,640	2305.	2,233	78,75
U.S. Dollar		1,	2.314	240,2	5,992	1,963	2,572	1275.	1,287	43,65
Deutschemark	0,259	0.432	1.	103.8	2,589	0.848	1,111	552,0	0,534	18.85
Japanese Yen 1,000	2,307	4.164	9,637	1000.	24,95	8,172	10,70	5319.	5,150	181.7
French Franc 10	0,925	1,669	3.863	400.8	10.	3,276	4,290	2132.	2,064	72.83
Swiss Franc	0,282	0,510	1,179	122.4	3.053	1,	1,310	651.0	0,630	23.23
Dutch Guilder	0.216	0,389	0,900	93.43	2,331	0.763	2,012	497,0	0.481	16,97
Italian Lira 1,000	0.434	0.783	1,812	188.0	4,690	1,536		1000.	0.968	34,15
Ganadian Dollar	0.448	0.809	1.871	194,2	4.844	1,587	2.078	1033.	2,835	35.27
Belgian Franc 100	1,270	2,292	5.305	550.5	13.73	4,498	5.892	2928.		100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 25)								
3 months U.S. dollars	6 months U.S. dollars	The fixing rates are the arithmetical means, rounded to the nearest one-nucleonth, of the bid and offered rates for \$10m quoted by the market to five reference banks						
blg 145:8 offer 141/2	bid 14 5/6 offer 14 1/2	et 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgen Guaranty Trust.						

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 85	Sterling	U.S. Cana Dollar Do	dian Dutch lar Guilder	Swiss Franc	D-mark	French Franc	Italian Ura	Felgiar Conv.	Fin.	Yen	Donish Krons
Short term 7 days' notice Month Three months Six months One Year	154 154 135-134 154-13 ₁₂	141.1410 14 14 ₁₀ -14 ₁₁ 15%		11:13: 53:-5 3::31: 41:41: 4::5::5::5::5::5::5::5::5::5::5::5	84-84 813-85 85-85 85-85 85-85 813-85	30-50 30-50 33-35 2712-2912 24-2512 2013-2134	1812-21 2836-3212 2518-2612 2436-2518 2419-25 2312-24%	1412-1534 1532-18 1534-1734 1534-1634 1534-1634 1534-164	147a-15 145a-145	666-618 7-2-7- 713-713 713-714 713-714 718-711	20-20% 19-7-30 19-19% 20-20% 18-1-18-6 17-3-17-1

SDR (inked deposits) one month 14%-15% per cent; three months 13%-14% per cent; six months 13%-13% per cent, one year 12%-13% per cent.

ECU kinked deposits; one month 16%-17% per cent; three months 15%-15% per cent; six months 14%-14% per cent; one year 12%-13% per cent.

Asian S (riosing rates in Singapore); one month 15%-14% per cent; three months 14%-14% per cent six months 14%-14% per cent, one year 14%-14% per cent; three years 14%-15% per cent; four years 14%-15% per cent; four years 14%-15% per cent; normal closing rates.

Short-term rates are cell for U.S. dellars. Canadian dollars and Japonsas yen; others two days notice.

The following rates were quoted for London dollar certificates of deposit; one month 13.95-14.05 per cent; three months 13.95-14.05 per cent; six months 14.05-14.15 per cent; one year 14.05-14.10 per cent.

MONEY MARKETS

Further fall in London rates

interbank money slipped to shortage w. 137-13; per cent from 13:-13; to £100m. per cent and six-month sterling CDs were lower at 137s-137k per cent compared with 1352-131 per

Day-to-day credit remained in short supply in the money market and the Bank of England shortage of £150m. Factors affecting the market included bills maturing in official hands and a net take-up of Treasury hills of £63m and Exchequer transactions of £200m. Adding liquidity to the market, there was a fall in the note circulation of 140m. The Bank gave assistance in the morning of 1118m, making purchases of 11m of eligible bank fills in band 1 (up to 14 days) at 134 per cent and 2 (15.73 days) at f65m in band 2 (15-33 days) at 13 per cent. In band 3 (34-63 days) it bought £29m of eligible bank bills at 12% per cent and in level for two months. Since the

MONEY RATES

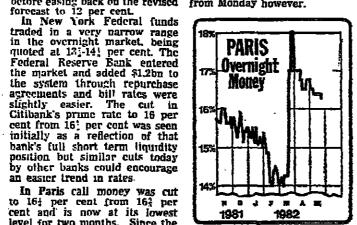
NEW YORK	
Frime rate	16-16 ¹ . 13 ² -14 ² . 11.52 11.74
GERMANY	
	70

9,00 9,20 9,15 Overnight rate FRANCE

Intervention 15.0 Overmight rate 16.25
One month 16.1875
Three months 16.3125
Six months 15.5625

Discount tate ... 7.28125 7.21875

Interest rates continued to gase in London yesterday in very quiet trading. Three-month interbank money slipped to shortage was revised downwards franchas shown a small overall franchas shown as s In the interbank market overnight money opened at 131-131 major currencies. Longer term
per cent and rose to 137 per cent
before easing back on the revised
forceast to 13 per cent



Swiss franc rates firm Euro-Swiss franc rates were

EUROCURRENCIES

firmer yesterday although forward premiums against the dollar were generally higher as the franc showed a weaker tendency in spot trading. Euro-dollar rates were little changed, having shown a small rise earlier in the day before news of a reduction in some U.S. banks' prime rates to 16 per cont from 161 per cent. Despite this the dollar was weaker in forward trading against sterling although a small (all in Euro-sterling rates would have contributed to a widening in dollar discounts.

Elsewhere Euro-French franc rates edged higher initially while a fall in the French franc in spot trading accounted for a narrower discount against the dollar in forward trading.

an easier trend in rates.

LONDON MONEY RATES										
	Sterling ' Gertificate of deposit	Interbank		Local Arth. negotiable bonds		Company Deposits	Discount Market Deposits	Treasury	Eligible Bank Bills &	Fine Trade Bills ¢
Overnight 2 days notice	; ,	12-1534	133 ₃ 13½ 134-133 ₅	=	=	134.135	12-131	=	=	=
7 days or 7 days notice One month	: 	1314-131 ₂ 133a-131 ₉	134-131 ₂ 131 ₂	137a:131 ₂		131 ₂ .135 ₈		134-134	13%	
Two months Three months.	1374-1373 1368-134	134-1312 1514-1512	133g.	1834-1336 1334-1336 1332-1336	137g 131 ₂	135 ₄ 133 ₄	1254-1278	12 3-12- 12 ₁₆ -123	123 ₄ -127	13:0 15:12
Nine months One year	1313	13 - 13 12 13 - 13 12 13 - 13 12	1312 1312	1512-1514 1312-1314	131 ₂ 131 ₇ 131 ₂		=	=	124-12	13
Two years	-	<u> </u>	135g						. – '	-

Local authorities and finance houses seven days' nobes, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13½ per cent; four years 13½ per cent; five years 13½ per cent; per dent bill rates in table are buying rates for prime paper. Boying rates for four-month bank bills 12½ per cent; lour months trade bills 12½ per cent; three months 13½ per cent; three mon

13) oer cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London and Scottish Clearing Bank Bates for fonding 13 per cent. London Clearing Bank Bates for sums at seven days' notice 10-10% per cent. Treasury Bills: Average tender intes of discount 12-7458 per cent.

Cortificates of Jax Deposit (Script 5) 13% per cent from May 14. Deposits withdrawn for cash 11 per cent.

=	FT UNIT	TRUST INF	ORMATION	SERVICE	
a.	Abbry Unit Tst. Magns. (a) 72-50, Galebaye Rd. Aylesbury 0296 5941 American Growth	AUTHORIS	ED TRUSTS	RidgeField Management Ltd. 1 Firsbury St., EC2A1PD 01-585 5905 Income U. 752 22114 945 International UT 1018 1074 -0.01 134	
28 51 20 05	(ACCOUNT. LUNCS) 53.8 \$22.40.5 \$1.0 \$1.0 \$1.0 \$1.0 \$1.0 \$1.0 \$1.0 \$1.0	22 Crescent Unit Tst. Mittgrs. Ltd. (a)(g) 2 Crescent Unit Tst. Mittgrs. Ltd. (a)(g) 4 Melvide Cres., Edinburgh 3 (31-226 349) 3 Cres. American (35.7 (1.8 +0.2 1.49) 4 Cres. High. Dist. (35.4 (2.8 +0.2 1.49) 5 Cres. High. Dist. (35.4 (2.8 +0.2 1.49) 5 Cres. International (30.5 (37.1 -0.2 1.47) 5 Cres. Foreres (35.1 5.4 (37.1 -0.2 1.47) 5 Cres. Foreres (35.1 5.4 (37.1 -0.2 1.47)	The Stock Exchange, London EC2N 1HA 588 2890	Rotinschild Asset Management	
78 23 43 28 57	Int. Tel. Fd	Cres. Tokyo	Logal & General (Unit Tst., Mingrs.) Ltd. 5 Rayleigh Id., Breatwood (227 217238 Equity Dis	NG American Prep. \$10.00	
41 75 98 17 04	A lite 6 Hambro Ltd. (a) (g) Hambro Hee, Hutter, Brentwood, Even Bertwood (0277) 21469 & 229123 Balmed Funds to 4 2012 406 5 to	Dartington, Invest Devon Invalle. 1900-00207. Total Perf. Unit Tst. [22.3 25.6] +0.1 5.41 Discretionary Unit Fund Stangager	Leanine Administration Ltd. 2, St. Mary Are, EGSA 88P. 01-625-6114.	N.C. Engy Ret Tst. 136.0 155.3 -13 1.71 N.C. Income Fd. 159.8 1700 1410 8.00 N.C. Aprecia; (inc.) 134.1 (22 -0.9 0.95 N.S. America (Azr.) 134.1 (22 -0.9 0.95 N.S. Sander Cos. 71.8 76.4 +0.5 1.53	
83	Allied 12: Fund 91.6 101.7 +0.9 5 x Bril. Irids. Fund 92 8 86.67 +0.7 6.0 Growth 6 Increase 62.3 66.7 +0.7 6.0 Elect. 6 Ind. Dev. 42.6 52.0s +0.2 41. Allied Capital 109.0 116.6 +1.7 42. Hamtor 6 Ind. 116.6 15.4 +1.5 5.0 Hamtor Acc. Fund 213.2 28.1 +1.7 4.3	,	Lioyds Bt. Unit 7st. Magrs. Ltd. (a) Angestre's Dept., Goring-by-Sea, Worthing, West Susser. 01-625 1289 Balancad 1878 55.8ml 40.71 6.65 Do (Account) 1770 1745 -074 6.65	Rowan Unit Trust Mingt. (a) City Gate Hot., Finchery St., EC2. 01-606 1066 american May 20. 1005 112 S 110 110 443 High Yeld May 21 1210 110 12 143 Merits May 20. 1210 110 15 14 Finet Int. 10070 1100 146 High Hut. 11115 1122 1228	
	Figure F	E F. Winchester Fund Mingt. Ltd.	Energy Int. 99.5 42.4 +0.11 215. Dr. (Accum) = 90.5 43.5 +0.11 225. Exist Income = 64.7 69.5 1 +0.1 8.80 Dr. (Accum) = 74.8 10.2 +0.7 8.80 Income = 102.5 110.2 +0.7 8.80 Br. (Accum) = 102.5 110.2 +0.8 4.83 Br. (Accum) = 102.5 1	Fined Int	Service Land
a. 28 95	International 33.0 35.3 -0.1 283 Japan Fund 27.4 27.3 -0.3 0.8 Pocific Fund 66.0 70.6 -0.5 1.0 American Spec Sic. 24.4 26.1 -0.2 1.0 Secs. Of America. 179.4 25.0 d -0.2 283 Specialist Funds	Equity & Law Un. Tr. M. (a) (b) (c) Amersham Rd., High Wycombe. 0994 33377 5 UK Gwith Ts. Acc	M. Arrenton & Gen 46.6 Still 14.3 Do. (Accum.) 47.9 Still 14.3 Pacific Basin 47.9 Still 2.653 Pacific Basin 47.9 Still 2.653 Do. (Accum.) 48.2 Still 2.7 15.3 Do. (Accum.) 48.2 Still 2.7 2 Do. (Accum.) 47.9 Still 2.7 2 Do. (Accum.) 47.	International Trist. 22.2 24.9 -0.1 Royal Tst. Cast. Fd. Magrs. Ltd. 48-50, Camero St., London ECAM 6LD 07.236 6044 Capital Fund. 106.2 113.1 4.6 locuste Fund. 77.7 83-5 950 Fries: an May 14. Next deathing day May 20.	
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-	Barciays Unicorn Ltd.(a)(c)(g) Unicorn No. 252, Ressford Rd., E7. 01-534 5544 belown America	E.T. Unit Managers Ltd. 16. Finshiry Circus, ECSM 70J. 01-628 8131:	Charlboad May 18 94.1s 146.5s -1.4 9.67 Pension Ex. May 25 1177.2 186.9s 1.03	Australian 45.2 49.1 +0.1 2.22 (Accum Units) 6.0 500 2.22	med ind
	De. Estra Incare	6.T. Japan & Gen [1] 8.4 127.3 -3.3 0.60 .	GHAFFO INC	*Recovery May 25	
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-	Baring Brethers & Co. Ltd. 8, Bishopsgate, EC2N4AE. Stration Trest	Dealing only: 01-623 5766/5806	Delichi inc. Ts. inc. 25.6 27.4 189 Gies Fund Acc 1107.4 116.4 112.4 138 Gies Pund Inc. 174.0 78.84 -0.8 4.38 Whencap Unit Trust Mages Ltd (in)(c)(g) Unicora lise, 252 Remirori Rd. E7. 01.534.5544	Dusting day Wednesday Scottish Widows' Fund Management P.O. Box 902, Edinburgh EM & 5811 (331-655 6000 Pegriss Tat. May 25 1925 105.8 + 1.3 — SIMCO Money Funds	
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S	Extra Inc. 349 37.6 +0.2 30.48 inc. & Growth 57.1 37 but +1.1 6.76 Gik 123.1 32.3 11.26 Pref. Shares 11.6	(Accum, Units)	Equity Exempt* 136.7 146.2 5.50 Do. Act 155.6 164.2 5.50 Prices at May 21. Next dealing May 28. Minister Fland Managers Ltd.	Commodity 66.9 65.5 2.40 Controller 72.2 60.0 46.11 1.33 Self Fund Inc. 73.3 40.3a -0.2 7.06 Fund Sec. 51.0 40.3a -0.2 7.06 Fund Sec. 10.5 10.5 12.2 3.40 it Capital 164.1 150.9 40.1 325 site Indoors 95.3 93.5a 12.201	100 mg
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هدد استرالم

FOOD, GROCERIES Cont.

LOANS--Continued

| 100°2| 98°2| Nat'wide 14'apr 118.82 | 100°2| 98°4| Do. 14'apr 128.82 | 101°4| 99°4| Do. 15'apr 29.98 | 10174| 99°4| (Co. 16'4pr 27'10.82 | 101°4| 99°4| Do. 15'apr 27'10.82 | 101°4| 99°4| Do. 15'apr 13'12.82 | 101°4| 99°4| Do. 15'apr 13'12.82 | 101°4| 99°5| Do. 16'apr 17'1.83 | 100°4| 99°5| Do. 16'apr 14'3.83 | 100°2| 99°5| Do. 16'apr 14'3.83 | 100°2| 99°5| Do. 16'apr 44'4.83 |

FORE IGN BOT 1982 | 1982 | 1983 | 1984 | 1984 | 1984 | 1984 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 198

FOREIGN BONDS & RAILS

AMERICANS

BRITISH FUNDS

"3koris" (Lives up to Five Years) to Five Years)

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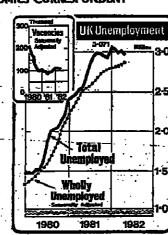
Jobless trend still up but total falls

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UNEMPLOYMENT continued its upward trend in May, although the total, which includes school-leavers, fell to less than 3m.

Department of Employment figures published yesterday give little cause for hope that the underlying rate of increase in unemployment has moterated during the past few months. This may reflect the sluggish state of the economy during the bad weather last winter and the weak recovery of activity since

rate of increase in unemployment is however, much less than it was at its peak towards the end of 1980. when it averaged 115,000 per month. Since then, underlying monthly increases have been getting smaller, but there is unemployment itself will start



The new figures show that the unadjusted total, including declined 38,000 from the April figure to 2.969m. However, this fall was less than the expected seasonal

from a larger number of the basis for this adjustment, vacancies at this time of year. The seasonally adjusted total nificance. However, the figures went up by 22,000, compared suggest that the trend of inwith the previous month, to creasing vacancies, which 2.872m. This increase in the started last August, may have line with the underlying rate of months. at 23,000 a month, compared with an underlying rate of increase of 33,000 per month in

October to December last year. to much more than 3m, Between April and May, adult unemployment fell by 35,500. April, the number of people That was the biggest drop in a made redundant was 122,900, month since June 1979, when it fell by 59,000. The number of school-leavers out of work fell by 2,800 to 125,327.

was less than expected for the time of year and, on a seasonalyadjusted basis, vacancies fell 280,000. for the third month running. As

adjusted total was closely in run out of steam in recent increase for the first four. The unemployment figures months of the year. This is put will be swelled next month by an estimated 100,000 school leavers, so it is likely that the unadjusted total will rise again

the fall may not have much sig-

In the period January to compared to 199,000 in the same period last year.

The total number of people covered by special employment Notified vacancies increased and training schemes was by 7,000 in May to 123,000. That 490,000 in April. It is estimated that their enrolment reduced unemployment total by

Regional distribution chart,

Recovery from slump 'may not be genuine'

than in any economic cycle for the last 25 years, says the recovery at all." National Institute of Economic The institute s

in February, the institute says: "There must be between 1958 and 1975, the forecast predicts continued slow

considered a genuine cyclical The institute says the trough

and Social Research in its 100th of the recent recession occurred Review out yesterday. in May 1981. But nine months
In view of the fact that the later industrial output had rises in output after May 1981. picked up by only 1.6 per cent were followed by a fall in compared with its lowest point. November and December, an and was still 13.5 per cent unchanged level in January below the last peak of activity, 3.8 per cent after nine months. 1982 and a weak "bounce in May 1979.

In the five economic cycles

the trough was nearly 7 per

In those nine-month periods output had on average recovered to about 3.5 per cent above its previous peak. Even in the weakest of the recoveries analysed, starting in August 1967, output had increased by

The institute's post-Budget

RECOVERY from the recent some doubt whether the period average improvement in indus-growth in output of about 1 per recession has been much slower since last spring should be trial output nine months after cent this year and next, with adult unemployment rising steadily to 3.3m by the fourth quarter of 1983.

> It suggests that there will be a continued strong balance of payments surplus in spite of rather weak export performance and it believes the annual rate of inflation will fall gently to an average of 8.7 per cent in

Continued from Page 1

Britain ready to use veto

Buenos Aires. This could mean saving quite a lot of lives." At present, Labour's comments are limited to these rather than outright opposition.

Similarly, Mr David Steel, the Liberal leader, argued in a speech vesterday that Britain should "pursue relentlessly, every possibility of a diplomatic "We must not close our minds to a ceasefire and Argentine

Labour's divisions over the crisis were highlighted again vesterday by an editorial in London Labour Briefing, the newsletter of the hard left in the capital, which attacked the party's leadership as "totally bankrupt" and described Mr have already expressed interest Foot as "the most pathetic and in IAL. hypocritical of all."

London Labour Briefing, which claims to speak for many constituency activists, said that many may now feel, quite justifiably, that Foot is not the right man to lead Labour into the next General Election. His role in the whole affair has heen highly damaging to the Labour movement. This year's annual conference will be the last opportunity to replace him before that election and pressure is bound to grow for someone to come forward and challenge him for the leadership."

Many of the backers of the newsletter are supporters of Mr Tony Benn though so far he has not been willing to stand and had been generally disfor election against the party's | counted leader this year.

On the Tory side there are growing signs of annovance among back benchers at the Irish Government's attitude on the Falklands crisis.
-Paul Betts writes from New

York: Sr Costa Mendez told the UN Security Council in New York that Sr Javier Perez de Cuellar, the UN Secretary General should again be asked to mediate in the crisis. He was speaking at the end

of the fifth day of the Security Council's emergency session on the Falklands crisis when Ireland introduced a draft resolution calling for a 72-hour ceasefire and a formal mandate to the Secretary General to renew his peace efforts. It was considered doubtful that this resolution would win the votes necessary for adoption.

BA radio offshoot sale by tender

BY RAYMOND SNODDY

the sale in the next few months of International Aeradio (IAL), the profitable aviation communications and services subsidiary of British Airways. The sale is part of the airline's campaign to reduce its debt before with the control of the airline's campaign widespread interest of the control of t privatisation.

Because of the embarrassment caused by the high profits for speculators out of the sale of shares in Amersham International, it has been decided that the sale of IAL shall avoid the Stock Exchange. The company will be offered instead by limited tender to a number of private companies.

S. G. Warburg, the merchant bank, has been asked to draw a memorandum which in effect will be a prospectus on expected to be sent within the next four weeks to about 30 companies-in Britain, the U.S. and on the continent—which

companies Philips, GEC, Racal, Plessey in Britain, Philips in the Nether-lands, Siemens in West Germany and Litton Industries of the U.S., as well as some un-expected candidates, such as Grand Metropolitan and British

PLANS are being drawn up for American Tobacco. The sale of IAL, which had a turnover in 1980 of £134.7m and pre-tax profits of £6.3m. is expected to raise between £50m and £55m

> Widespread interest has been expressed in IAL, which has made consistent profits since foundation in 1947. The company provides airport management in a number of Third World countries, makes air traffic control systems and aeronautical maps and timetables. It is also involved in hospital management and has been expanding its presence in the U.S. through acquisition.

The company has never officially been put up for sale, recent months, and have been final draft of the S. G. Warburg prospective up bу buyers. A confidential report com-

Waterhouse, the accountantsand which has been extensively line could not commit enough may take it over, investment to expand IAL. In a series of answers in the

months, implied that the Government was changing its policy and might allow some profitable parts of British Airways to be sold aside from the main parts of the company.

On February 1, he said he would not rule out sale of subsidiaries at a future date. On March 29, he said he would not exclude the separate disposal of a subsidiary, if the BA board were to feel its interests best served by such a disposal.

Last year, it seemed BA would be privatised as a whole, to include such subsidiaries as IAL, British Airways Helicopters and various hotel invest-

memorandum. The companies which have expressed interest missioned by BA from Price still interested. If so, they will receive the memorandum.

Senior management at IAL leaked-concluded that IAL is concerned at the way in was not directly related to BA's which the company's future is main business and that the air- being decided and about who

Other, larger privatisations, including those of the British House of Commons, Mr Ian National Oil Company and Sproat, Under-Secretary for British Telecom, are planned Trade has, over the past few by the Government.

Continued from Page 1

Citibank cuts prime to 16%

Citibank's move had little apparent effect in other markets. Foreign exchange dealers said it was expected

New York Stock the Dow Jones Exchange, the Dow Jones Industrial Average rose 4.5 points in early trading, helped by the prime cut and a fall in the broker loan rates to 141 per

Three-month Treasury Bill

rates were hovering yesterday around 11.5 per cent, compared with 11.97: per cent late last week, although the market was "dramatically quiet," according to one dealer. Mr Walter Wriston, chairman of Citicorp, the holding com-

pany which controls Citibank, said in an interview just pub-lished here that he believed the prime rate could fall to 12 per cent by the end of the year. The National Association of

19% U.S. PRIME RATE

association by the University of Business Economists, is not so Michigan and released this the day at \$1.8050. It optimistic. A poll of 400 week, predicts that the prime weighted index improve economists carried out for the rate will fall to between 14 and from 89.6 on Monday.

15 per cent by the end of the year, and drift down to around 13 per cent by the end of 1983.

Paul Taylor writes: In Europe, the dollar was generally firmer despite Citibank's prime rate cut, which had been largely expected and discounted. It was stronger against all the major European currencies finishing slightly more than 11 pfennigs up against the D-Mark in London at DM 2.3135 aided by marginally firmer Eurodollar rates. The dollar's trade weighted index in London. calculated by the Bank of England against a basket of currencies ended the day at 113.3 against 112.9 the previous

underlying strength improving against the major European currencies but slipping marginally against the dollar to close in London five points down on the day at \$1.8050. Its tradeweighted index improved to 89.8

The pound continued to show

Engineering aid scheme oversubscribed

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

eight weeks ago for small engineering companies is which have held back from heavily oversubscribed. The investing in capital projects in Industry Department is therefore to reject further applica- however, that 1,000 applications tions, from Friday evening, even though total funds available were raised yesterday from £20m to £30m.

The scheme is expected to generate orders for capital investment totalling about £90m. About 60 per cent of these is believed by the Government to be going to UK

The first £20m was announced at the end of March. It was

A STATE aid scheme launched funding to last about a year. Response from companies is which have held back from the recession has been so great, received already are expected

to take up the £20m. Only 196 letters promising aid have been dispatched by the department. Almost all claims received qualify for the aid, however, so it is unlikely there is any of the £20m left.

Accordingly another £10m was announced yesterday by Mr John MacGregor, Industry Department minister responsible for small businesses. The part of the £130m industrial demand is such, however, that applications covering the full Budget, Ministers expected this £30m are likely to be received

that all eligible applications received by 5 pm on May 28 would receive an offer of assistance in due course and the scheme would then be closed

by the weekend.

for applications.

Mr Patrick Jenkin, Industry Secretary, will now be criticised by back bench MPs for not extending the scheme further. Mr Michael Grylls (C. Surrey

NW), chairman of both the Con-servatives' back bench industry committee and of their Small Business Bureau, said a total of £100m ought to be committed so that the scheme could run for a year.

He said: "I am writing to Mr

Jenkin to say it is ludicrous to Mr MacGregor could promise cut off this scheme in its prime. in the Commons yesterday only It is the first industry aid response from industry and should not be stopped."

Under the scheme engineering companies employing fewer than 200 people can obtain a capital grant of one-third of the investment in certain types of high-technology capital equipment. Up to two machines costing not less than £15,000 each not more than £200,000 together can be obtained.

Industry miinsters would have liked to have allocated more than an extra £10m, but decided they had no spare cash within the £130m innovation package.

RHM hit by losses in bread price war

By John Moore, City

A FIERCE price war in the UK bread market has led to substantial losses in the bread bakery companies of Ranks Hovis McDougall, the food group whose bread brands include Mother's Pride and Nimble in addition to Hovis.

In the first six months of its current financial year, RHM bread companies are helieved to have suffered losses of more than 25m as the group has fought to main-tain its bread husiness during what it describes as an "insupportable price and discount war."

In the six months to March 6, the group as a whole reported yesterday pre-tax profits of £21.04m compared with £21.7m for the compar-able period a year earlier. But because of the bread war. profits for the full year will lower than last year's

£45.3m. Announcing its results, RRM sald that "urgent and far-reaching plans have been put into operation to improve the profitability of our bread baking busines

It has about 30 per cent of the bread market, about the same as its chief rival, Asso-

ciated British Foods.
To increase profitability and reduce manufacturing costs, seven of the group's bread bakeries have been closed since September and their production concentrated into more efficient bakeries within the British Bakeries chain. The group's Glasgow bakery

is to be replaced in the next 18 months at a cost of £11.5m. At its last year end, RHM was producing Mothers Pride, Windmill, Nimble, Hovis and Granary bread and other bakery products at 60 plant

Associated British Foods said vesterday that while there has been a discount and price war, "we have not gone so far to say that it is insupportable."

Intense competition in the UK bread market claimed one notable victim in 1978-Spillers Bakeries

Spillers pulled out of the bread industry after six years of mounting losses. After closures, its 13 remaining bakeries were divided up British Foods. Discount war hits RHM, Page 26

Weather

UK TODAY CLOUDY and occasional rain, becoming brighter, with thundery rain later spreading

northwards.
London, S. England, Channel
Isles, the Midlands, E. Anglia
Mainly dry with a few bright intervals and thundery rain later. Max 19C (66F). S.W. England, Walès, N.W. England

and some sunny intervals. Light winds. Max 16C (61F). S.W. Scotland, Isle of Man, N. Ireland Sunny intervals and heavy

Occasional rain dying out

showers with moderate winds. Max 16C (61F). N. and N.E. England, Borders. E. Scotland

Cloudy with rain dying out and bright intervals. Moderate winds. Max 16C (61F). N. Scotland Sunny intervals and heavy

showers. Wind moderate or fresh. Max 13C (55F). ntlook: Showers, some thundery, becoming dry and Outlook:

WORLDWIDE

Amedin,	С	18		Luxor	5	38	100	1
Athens	\$	23		Madrid	S	26	79	ľ
Bahrain	S	32		Majorca	S	25	77	L
Borckna,	F	21	70	Malaga	F	21	70	1
Berrut	S	24		Maha	S	24	75	ı
Belfast	C	15		M'chstr.	C	16	61	l
Belgrd.	F	19	66	Molbne.	F	17	63	!
Ветіп	s	25	77	Mr. C.t		_	_	ı.
Biarntz	F.	17	63	Miamit	F	24	75	1
Braghm.	F	15		Melan	S	23	73	ı
Blackpl.	5	23	73	Montri. †	C	12	54	1
Bordx.	S	23	73	Moscow	F	19	66	1
Boulgn,	F	15		Munich	F	16	61	ľ
Bristol	C	18	64	Nairobi	C	19	66	
Brussela	C	18	64	Nacies	ř	21	70	Ţ
Budpst.	Č	15	59		-	_	_	l
Carro	S	29	84	Nwcetl,	R	12	54	ı
Cardiff	C	17	63	N York	Ŕ	13	55	1
Cas'b'ca	C	22		Nice	S.	21	70	1
Cape T.	_	=		Nicosia	š	25	77	ı
Chisq.t	С	11	52	Oporto	Š	22	72	ı
Cologne	C	19	55	Oalo	Ř	71	52	Ì
Cantign.	F	17		Pens	S	20	68	ļ.
Corfu	5	23		Porth	Ē	19	66	
Denvert	F	-6	43	Prague	F	17	63	
Dublin	ŧ	14	57	Reykjyk.	Ċ	8	46	ı
Dbrenk,	R	14	57	Rhodez	š	23	73	
Ednbgh.	F	13		Rea J'ot	•	_		
Faro	C	21		Rome	S	24	75	١.
Florence	F	24		Salzbig.	Ē	17	63	П
Frankft.	Ċ	18	64	S F'cisct	-	<u></u>		
Funchal	Č	19		S. Montz		_	_!	
Goneva	Š.	17	63	Singapr.	C	32	90	
Gibrattar	F'	19	66	S'apport		_	_	1
Glasnow	Ç	13	55	Stekhm.	S	16	61	
G'rnsgy	Ċ	13	55	Suasby.	\$	20	68	1
delsmild	F	14	57	Sydney	S	30	68	1
H. Kang		_	_	Tangiar	Ċ	21	70	1
innsbrk.	5	18	64	Tel Avy	S	21	73	1
invince.	F	15	68	Tenenie	F.	23	73.	Ι΄
i.o.Man	R	10	50	Tokya	S	25	77	ŀ
istanbui	S	23	73	T'ranto!	Ç	12	54	
Jersey	F٠	15	59	Tunis	S	24	75	
Jo burg		_		Valencia	Š	23 22	73	
L. Pima.	C	21	70	Venice	\$	22	72	

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hotel bill

THE LEX COLUMN

Grand Met's £125m

Yesterday's £125m rights issue from Grand Metropolitan was as extensively forecast as any the City has seen in recent years. After two very heavy U.S. acquisitions, Liggett and Interncontinental Hotels, gross debt is hovering around £1bn and, on a capital spending budget of well over £200m for the current year, cash flow will be barely positive even without further acquisitions. Grand Met has been easing

the debt burden with a series of small disposals but an equity offering provides logical support for the degearing process. Mind-ful of the fact that a rights issue was heavily discounted in its share price, the group has offered the new shares at 174p, a discount of only 13.9 per cent on Monday night's price. Yesterday, the shares actually rose 7p to 209p.

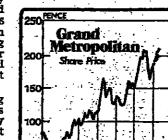
The relaxed response to thefundraising was in stark contrast to Grand Met's last rights issue, also a one-for-seven. three years ago. This time the group is not seeking to flex its muscles but to provide some room for manoeuvre on its capital account after two acquisitions well liked by the City.

The amount being raised is. market large by recent standards but should be easily absorbed after a slack period for equity offerings in which most of the action has been in the Met is a more attractive proposition than Allied Suppliers, which is due to raise £100m.

The proceeds should reduce the net debt in Grand Met's balance sheet to between 55 and 60 per cent of net worth. Last unbelievable a few years ago, September, it was pushing towards 80 per cent. An increase of at least 12 per cent in the final dividend has been promised and the declared interim payment has been thrown in with the new shares. The ex-rights yield is 5.9 per

Sugar (which it afterwards eciprocated) last autumn. Ranks Hovis McDougall forecast -and achieved—an 80 per cent increase in second half profits. But all the yeast has gone out of the figures again, and profits for the six months to early March turn out at £21m for the third

as though some of this year's profits were borrowed to jack up in British Sugar, which is more per cent.



holder. But there is a more fundamental reason for the dull performance—the price-cutting in bread which its originator. AB Foods, played down when reporting on Monday. RHM now talks of "insupportable" discounting, and may have swung from break-even in

baking to a first half loss of £6m

to £7m this time. In addition there is £1m of rationalisation costs (not all in baking) above the line and £1.6m net of tax relief below. market has stabilised in 1952 and that it has clawed back the market share in plant-baked bread lost under the original A.B. Foods onslaught. The whole affair would have seemed when the withdrawal of Spillers from baking seemed to have presented the industry's sur-

vivors with a blank cheque.

The baking problems look less are considered as a single vertically-integrated business, for floor milling margins have been fat this year so far. In pro-forma basis. general the bread price war has obscured a solid improve-After being on the wrong end ment in RHM's other businesses, of a dawn raid from British which seem to be responding which seem to be responding to firm management. New pro--have helped the carbohydrate-Mr Kipling continues to progress and overseas profits look much better in depreciated sterling.

The rise in the interest charge On the face of it, it could look relates entirely to the carrying cost of RHM's 104 per cent stake

than offset by a chunky divi Index rose 5.0 to 580.8 dend receipt. The bread price war has at least had the well come effect of making the chair. man write a special letter to hi shareholders; who knows, a bi of discounting in, say, grand might winkle out some seg-mental data from this newly

communicative company. But for the price war, £45n £121 would again be a realistic targe; for 1981-82 but it seem: " unlikely that the group wil." make much more than £37m; without higher bread prices soon. Better things are happen: ing at RHM but so long as the discounting continues the shares

need their 10 per cent yield at

Cater Allen

Last November's wedding. the second half of 1980-81 under between Cater Ryder and Allen-pressure from a hostile share. Harvey & Ross has apparently Harvey & Ross has apparently led to such starry-eyed romance. between the two partners that neither is able to think clearly, 12.5 about its former life. Unfortunately for share-

holders, this has produced some confusion in the preliminary. statement of the new company, Cater Allen. The figures for the full year to April, described as the results of the Group, actually relate to a 12-month; \$1.0 period for Cater Ryder, but only to the post-merger results of Allen Harvey. Losses incurred. exceptionally liquid at present and may consider that Grand claims that the total bread accumulated earnings and are market been taking place, but RHM merger are neited off against that is a more attractive propodescribed as relating to Cater Allen Limited and subsidianies. To make matters worse, the mg 21. exclude Allen Harvey completely. Little of this is made clear in the announcement.

It does slowly emerge, however, that Allen Harvey raised :: interim dividend last autumn after incurring a firsthalf loss and that the full year KGE Ch terrifying if milling and baking disclosed earnings of the two companies fail to cover a total dividend which has been increased by 3 per cent on a

Cater Allen presumably believes that it can justify the additional payment with the prospect of improving returns. The markets have certainly been 227 and the discount houses have rich groceries and the sait enjoyed a strong May in the sait interests, while the excellent bill market. Merger costs of about £250,000 were written off : cost benefits resulting from the merger, worth perhaps film in a full year, are now showing through. The shares rose 17p to 322p yesterday and yield 11.2

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